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Regulating capitalism : the Taylor Society and political economy in the inter-war period.

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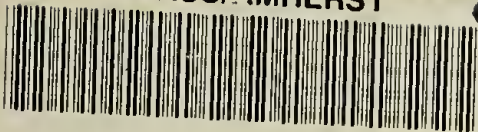
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REGULATING CAPITALISM:
THE TAYLOR SOCIETY AND POLITICAL ECONOMY
IN THE INTER-WAR PERIOD

A Dissertation Presented
by
CARLOS E. PABON

Submitted to the Graduate School of the University of
Massachusetts in partial fulfillment
of the requirements for the degree of

DOCTOR OF PHILOSOPHY
September 1992
History

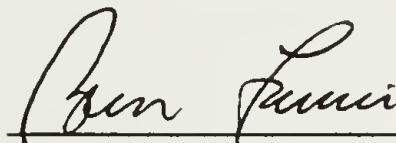
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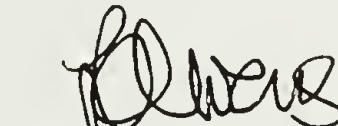
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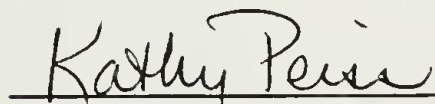
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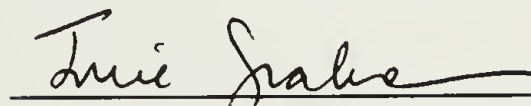
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ABSTRACT

REGULATING CAPITALISM: THE TAYLOR SOCIETY AND POLITICAL ECONOMY IN THE INTER-WAR PERIOD

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This dissertation studies the emergence of a Keynesian political-economic strategy in America during the interwar period. It is concerned primarily with one crucial aspect of this process: the ideological role played by key political, economic, and managerial elites in the emergence of such strategy. It thus traces the political discourse articulated by the Taylor Society, the institutional home of scientific management, from its inception as an industrial research organization to its development as an important policy-making network during the New Deal. It focuses on key figures in the Taylor Society including Morris L. Cooke, Harlow S. Person, Henry Dennison, and Mary Van Kleeck, as well as those who were closely associated with the society, such as Rexford G. Tugwell, Louis D. Brandies, George Soule, Frances Perkins, and Sidney Hillman.

The historical narrative shows how during the 1930s the Taylor Society became an important component of the political and economic network that put forward a Keynesian strategy based on the expansion of mass consumption (and thus social purchasing power) via the intervention of the state. This network was critical of the corporatist program, embodied in the National Recovery Administration, in which that state would sanction cartel-like arrangements among capitalists to reduce destructive competition, restrict production, and fix prices. This system of industrial self-regulation entailed minimal state intervention and a reduced role for the unions

and the collective bargaining. The Keynesian strategy advanced by the Taylor Society and its allies, on the other hand, advocated an expanded and strong role for the state and unions in the political economy, along with macroeconomic policies that promoted social purchasing power and expanded mass consumption.

During the "Second New Deal" the Keynesian elite entered the corridors of power and many of its members took key administrative positions in the welfare state. From these positions they attempted to shape the American political economy.

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CHAPTER I

THE TAYLOR SOCIETY AND POLITICAL ECONOMY

Introduction

"We are all post-Keynesians now," states Albert Hirschman, paraphrasing and updating a famous pronouncement.¹ In doing so, Hirschman calls our attention to one of the most profoundly important developments in the history of twentieth-century U.S. capitalism: the rise and decline of the political-economic configuration called Keynesianism. Strictly speaking, the concept of Keynesianism refers to the economic theory of demand management developed by English economist John Maynard Keynes. According to Peter A. Hall, this economic theory, as expressed in Keynes' The General Theory of Employment, Interest and Money published in 1936, "suggested that government could influence overall levels of growth and employment in the economy by means of a strategy based on aggregate demand." As such, it provided an alternative to the existing approaches of laissez-faire or direct state control of the economy that policy makers faced during the interwar period.²

However, during the postwar period, as Keynes' ideas became closely associated with the transformation of the

state, Keynesianism acquired a broader connotation. As Hall puts it:

Like the concepts of Karl Marx...the ideas of John Maynard Keynes seem quintessential to a historical period. They are closely associated with a major transformation in the economic role of the state that is one of the hallmarks of this century. Although Keynes was by no means responsible for the expansion of the welfare state that is sometimes linked to his name, his theories placed increasing responsibility for economic performance on the government's shoulders, and his attacks on the priority which classical economics attached to a balance budget helped to loosen a fiscal constraint that stood in the way of more generous social programs. In these respects, to study the emerging influence of Keynesian ideas is to consider many of the factors behind the development of the state since the 1920s.³

Thus, the notion of a "Keynesian state" or of a "Keynesian era" refers more generally to the social and economic practices associated with the management of a capitalist economy in the postwar period.⁴

It is in this broader and more general way that I will use "Keynesianism" here to refer not to a formal theoretical system, but to denote a political-economic perspective concerned above all with expanding mass consumption via the intervention of the state. In particular, I will apply the concept of "Keynesian" in this broad sense to those interwar ideas or policies that despite having been developed parallel to, or separate from Keynes' writings, expressed basically the same political-

economic perspective as the one developed by Keynes. In addition, I will use "proto-Keynesian" to describe the strategies that anticipated parts of the Keynesian perspective and, especially, many of its relevant policy implications. My concern, then, is not with the development of a specific economic doctrine, but rather with the understanding of a political-economic strategy that came to be known retrospectively as Keynesianism.⁵

Finally, it should be noted that throughout this work I will draw upon the theoretical framework developed by Michel Aglietta, Alain Lipietz, Robert Boyer and other French political economists--called the "regulation school."⁶ As Bob Jessop points out, this theoretical framework is particularly concerned with the changing forms and mechanisms--institutions, networks, procedures and norms--in which and through which the social reproduction of capitalism is secured, albeit in a temporary and partial way.⁷ Specifically, I will make use (either explicitly or implicitly) of the two key concepts developed by this theoretical school: "regime of accumulation" and "mode of regulation." The first refers to a particular configuration of production and consumption:

...which can be reproduced over time despite its conflictual tendencies;" whereas the second designates a set of historically determined institutional forms "which can secure capitalist

reproduction [for a given period] despite the conflictual and antagonistic character of capitalist social relations.⁸

As stated above, this study is concerned primarily with the emergence of a Keynesian political-economic strategy. It contends that this strategy emerged in the interwar period as a response to the crisis of the Great Depression. This crisis came about because the prevailing mode of regulation, a fundamentally competitive and laissez-faire form, had become antiquated and was harmful to the emergent regime of intensive accumulation, which, following Gramsci, has been called Fordism.⁹ It seems clear, in retrospect, that the way out of the crisis was to devise a new mode of regulation (i.e. a new set of political, institutional, and social arrangements such as the capital-labor accord, the social wage and others), that would support the expansion of Fordism and hence the articulation between mass production and mass consumption. The new mode of regulation devised was a Keynesian mode of regulation--based on the increased economic power of the state, collective bargaining and rising consumption norms. Central to this new mode of regulation was the transformation of the role of the state, that is, the use of the state to stimulate mass consumption and economic growth through fiscal and monetary policy.¹⁰

The rise of the Keynesian mode of regulation, however, was not a preordained development in the political economy of twentieth-century U.S. capitalism. Nor was it the product of some capitalist "conspiracy" to "co-opt" workers. It was, rather, the outcome of almost two decades (1933-1950) of monumental economic, political, and ideological struggles involving conflicts not just between workers and capitalists, but also between different groups of economic elites and between contending networks of policymakers.¹¹ The rise of the Keynesian mode of regulation then was the outcome of the projects and struggles of real people trying to cope with changing historical circumstances. As such, it was the product of a host of profound conflicts, which were resolved in a way that produced wide disparities between intentions and consequences. As Jessop indicates, modes of regulation (and regimes of accumulation) are "discovered" rather than planned; they emerge in a contingent, non-intentional manner:

There is no global subject to plan accumulation strategies, regulatory mechanisms, or hegemonic projects and to guarantee their successful implementation. Instead we find only different subjects whose activities are more or less co-ordinated, whose activities meet more or less resistance from other forces, and whose strategies are pursued within a structural context which is both constraining and facilitating.¹²

It took a major capitalist crisis (the Great Depression of the 1930s) and the subsequent wartime mobilization effort to force the creation of this new mode of regulation. Once in place, however, Keynesianism promptly contributed to the stability of U.S. capitalism by creating the macro-economic conditions which enabled Fordism to become a fully-fledged regime of accumulation. This process led to the long postwar boom of consumer capitalism, which lasted until 1973. During that period, U.S. capitalism experienced unprecedented growth and prosperity, rising living standards, and relative stability.¹³ A key indicator of the phenomenal growth and prosperity of the postwar period was the expansion of mass consumption norms to broader and broader sections of the working class. Underlying this expansion of mass consumption was the deployment of Keynesian policies, which linked wages to productivity through a capital-labor accord, promoted the growth of the social wage, and expanded the facilities of consumer credit.¹⁴

The consolidation of the postwar Fordist-Keynesian mode of development thus led to a profound transformation of the conditions of life for a large section of the U.S. working class. First, it entailed the development of a mode of consumption characterized by the individual consumption of commodities provided by mass production

(i.e. by mass consumption of standardized commodities).

According to Michel Aglietta:

...this involved a reversal both of traditional ways of life and of the initial experience of the working class in an epoch of extreme poverty and total insecurity, which provided no basis for any stabilization of consumption habits."¹⁵

The development of this mode of consumption, moreover, enabled growing sectors of the working class to purchase cars, housing, and consumer durables (televisions, washing machines, refrigerators, vacuum cleaners, stereos, toasters, etc.). This process, as Mike Davis points out, raised perhaps a quarter of the American population--especially white-ethnic semi-skilled workers and their families--to consumption standards previously enjoyed by middle-class or skilled workers, standards marked by home ownership and credit purchasing. And in doing so, "it allowed the U.S. working class increasingly to reproduce itself as a collectivity of privatized consumers."¹⁶

Second, it also entailed a vast spatial transformation, which is best exemplified by the rapid growth of suburbanization, the diffusion of an extensive network of highways, and the emergence of fast-food restaurants and shopping malls as the central features of the so-called "American way of life." Indicative of this

transformation is the fact that between 1950 and 1960, suburbs grew forty times faster than central city areas, while automobile registration increased by 22 million.¹⁷ Suburbanization involved the breakup of traditional solidarities, neighborhood communities, and extended kin networks; and it ensured that the nuclear family would become the social institution most congruent with the dual process of commodization and privatization of consumption.¹⁸

This transformation, however, did not take place exclusively through the private market. It was made possible, rather, by the federal government's post-World War II urban (or better yet suburban) policy, which included highway building under the Federal Interstate and National Defense Act of 1956 and home ownership (federal home loans, and tax relief for mortgages) under FHA, VA, FNMA, HLBB, and other agencies.¹⁹ Thus, by providing supportive conditions for higher levels of private mass consumption, the Keynesian state played a key role in the development of the "auto-house-electrical-appliance complex" as the mainspring of economic growth during the postwar period.²⁰

The "success" of postwar capitalism led some to believe that the "consumer society" had definitely resolved

the social and economic contradictions of capitalism. However, those who emphasized the "success" of postwar capitalism completely ignored the existence of the social sectors who were excluded (minorities, women and the underprivileged) from the benefits of Fordism. Furthermore, they also overlooked abundant signs of discontent with Fordism even at its peak. As David Harvey points out, Fordism's inequalities produced serious social tensions and important social movements on the part of those excluded from its benefits: "Denied access to privileged work in mass production, large segments of the work-force were equally denied access to the much-touted joys of mass consumption. This was a sure formula for discontent. The civil rights movement in the United States spilled over into revolutionary rage that shook the inner cities. The surge of women into low-paying jobs was accompanied by an equally vigorous feminist movement. And the shock of discovery of awesome poverty in the midst of growing affluence (as exposed by Michael Harrington's The Other America) spawned strong countermovements of discontent with the supposed benefits of Fordism."²¹

Toward the mid1970s, the Fordist-Keynesian mode of development plunged into crisis, and with this crisis the long postwar boom came to an end.²² The crisis of this

political-economic configuration opened a period of transition characterized by radical changes in the labor process, in consumer habits, in the geographical mobility of capital, in the form and content of state intervention, and in cultural-ideological trends. But as David Harvey argues, "whether or not the new systems of production and marketing, characterized by more flexible labor processes and markets, of geographical mobility and rapid shifts in consumption practices, warrant the title of a new regime of accumulation, and whether the revival of entrepreneurialism and of neo-conservatism, coupled with the cultural turn to postmodernism, warrant the title of a new mode of regulation, is by no means clear."²³ What does seem clear is that since 1973 the political economy has been in major transformation. And in the process, we are witnessing the unraveling of the Keynesian political-economic order that emerged in the 1930s and was consolidated in the post-World War II period. We are witnessing the end of an era.

Nowhere is this more evident than in the area of economic policy. To paraphrase Robert Boyer, if the principal debate in the 1970s was between Keynesianism and monetarism, in the 1980s neo-liberalism reigned supreme. At present, the debate seems to be reduced to which of the variants of neo-liberalism (conservative, centrist, or

social democratic) will prevail. In practice, neo-liberalism has involved the deployment of a program characterized by emphasis on deregulation, and disengagement of the state from economic activity (including the dismantling of state-sponsored social programs and the privatization of the public sector). As such it has become much more than a mere ideology that exalts the virtue of the market economy. It has become the spearhead of a political strategy aimed at displacing "welfare-state liberalism" with a laissez-faire, free-market economic model. Gone are the days when even conservative governments were willing to increase public spending and social insurance coverage, when even Richard Nixon boldly proclaimed, "We are all Keynesians now." Today, state intervention is denounced everywhere as an intolerable obstruction to "the freedom of the market," to "growth" and "prosperity."²⁴ As Hirschman suggests, we have come full circle: "We are all post-Keynesians now."

The Taylor Society and Interwar Political Economy

If the Keynesian order is dead, perhaps it is pertinent to retrace its beginnings to shed light on the birth of the "new order." My purpose here is not to write a history of the past in terms of the present, but rather

to use the past to further our understanding of the present. I hope to contribute to this understanding by examining the ideological role played by key political, technocratic, and managerial elites in the emergence of the Keynesian mode of regulation. In particular, I will focus on the political discourse articulated by the Taylor Society, an industrial research organization and policy-discussion network, which sought during the interwar period to chart the future of the American political economy.

Born in 1911 and composed primarily by management-engineers and businessmen, the Taylor Society was the institutional home of the scientific management movement founded by Frederick W. Taylor. Before World War I, the Taylor Society was concerned exclusively with the technical problems of factory production and the reorganization of the labor process. After the War, however, the Taylor Society would address the problem of industrial relations by advocating a conception of industrial democracy based on "workers' consent" and "union-management cooperation" schemes. This shift in policy led to a rapprochement with the American Federation of Labor during the 1920s. In the interwar period, moreover, the Taylor Society would develop into an important policy-making network concerned with the problems of the macroeconomy and the state.²⁵

This dissertation traces the relationship between the Taylor Society and American political economy. It attempts to show how during the interwar period the Taylor Society became a key forum in which an important group of mass consumption-oriented businessmen, engineers, and social scientists, sought to sketch the outlines of a fundamentally "Keynesian" mode of regulation. My contention is that the Taylorites were part of a "professional-managerial" elite, who by the early 1930s came to espouse a "Keynesian" strategy focused on expanding mass consumption (and thus social purchasing power) via the intervention of the state. Such a political-economic strategy, according to its proponents, would lead to full employment, economic growth, and prosperity.²⁶ Formed in the 1920s, this professional-managerial elite came to the corridors of power during the Second New Deal, when many of its members became key administrators of the "welfare state."

Underlying my contention is the understanding that although Keynes' ideas had no direct influence on policy in the United States until perhaps 1938 or 1939, "Keynesian" ideas were much part of public discourse before the mid-1930s. Consequently, we ought to take this neglected historical development more seriously than has been the

case so far.²⁷ This study thus acknowledges the importance of ideas in political economy. However, it also recognizes that simply stating that ideas are important is not enough. What matters is to be able to explain why one set of ideas has more force than another in a given historical moment. And in order to accomplish this we need to examine not only the ideas themselves, but also the social political, and economic conditions that lend force to one set of ideas over another in a particular historical context.²⁸ This dissertation attempts to address such questions.

To summarize, this dissertation uses the Taylor Society as a vehicle to study the emergence of a "Keynesian" strategy during the interwar period. As such, it focus on key figures in the Taylor Society including Morris Cooke, Harlow S. Person, Henry Dennison, and Mary van Kleeck, as well as those who were closely associated with the Society, such as Felix Frankfurter, Sidney Hillman, Rexford G. Tugwell, Frances Perkins, and George Soule.²⁹ I trace the Society and its members into the 1930s, moreover, to understand their relationship to the New Deal itself. Finally, I explore the role played by the Society and its members in the emergence of the post-World War II Keynesian order.

Contending Political-Economic Strategies

This study attempts to shed light not only on the beginnings of the post-war Keynesian order, but perhaps more important on the transition to a post-Keynesian era. My analysis is based on a non-teleological conception of capitalist development in which human agency plays a central role and in which history is understood as an open-ended process. This conception rejects the "conspiracy" model of history in which all historical outcomes consciously serve the interests of the capitalist class.

My point of departure is the recognition that the history of capitalism is the product of economic, political, and ideological struggles, involving conflicts not just between workers and capitalists, but also between different fractions of capital. Underlying my analysis is the understanding that the New Deal was not the creation of a class-conscious monolithic capitalist class, that sought to deliberately "incorporate" the working class into its "design" for a new industrial state, to save American capitalism. Instead, I will argue that the emergence of the New Deal should be understood as the result of the conjunction of working class struggles "from below" and "reforms from above." The fact that in the long-run the New Deal reforms did indeed contribute to the stability and expansion of capitalism was not pre-determined by some "deep logic of capitalist accumulation;" it was determined

rather by the resolution of specific political struggles between contending social forces in a given historical conjuncture.

Another key assumption that informs this study is the recognition that there were contending political-economic strategies within the capitalist class. In particular, I will focus on the differences between the corporatist and the "Keynesian" strategies. As Steve Fraser points out, the corporatist strategy was promoted by a more traditional group of capitalists concentrated in railroads, public utilities, primary commodities, and raw materials. This sector was linked to older investment banking houses which emerged after the Civil War and had long dominated the Republican Party. It was a business elite plagued by over-production, older technologies, foreign competition, and great debt. The corporatist strategy endorsed by this sector envisioned deploying the state to sanction a system of industrial self-regulation, which would create cartel-like arrangements to stabilize production, fix prices, and divide the market. Its basic thrust was best exemplified by the NRA. Yet, the NRA represented a compromise between those who were still committed to non-interventionist alternatives and those who favored some form of state intervention.³⁰

The "Keynesian" strategy, on the other hand, was advanced by a network of manufacturing, retailing, and

financial interests more directly linked to mass consumption than those who were most closely associated with corporatism. According to Fraser, this network of newer, mass consumption-oriented industries included urban mass retailers like Filene's and Macy's; real estate developers; investment banks like Lehman Brothers and Goldman, Sachs; mass consumption-oriented banks such as Bank of America and the Bowery Savings Bank; and industries like clothing, housing construction and supplies, appliances, and office goods.³¹ This capitalist sector--together with other technocratic, managerial, and political elites--was concerned above all with expanding mass consumption via the intervention of the state. Their strategy thus envisioned a more autonomous and active role for the state (and the unions) in regulating and stimulating the growth of the economy. During the interwar period the Taylor Society--in alliance with other institutional networks such as the Russell Sage Foundation, the Twentieth Century Fund and the Pollack Foundation for Economic Research, which was associated with underconsumptionist economists Wadill Catchings and William T. Foster--provided a forum for the development of this "Keynesian strategy."³²

Interwar Political Economy: An Overview

Given the centrality of the interwar period to the unfolding of this study, it is helpful to provide at least a brief overview of the political economy of the period so as to place the development of the Taylor Society in a specific historical context. During the 1920s the American economy experienced an unprecedented growth in productivity. Such growth resulted in an almost 50 per cent increase in industrial production between 1918 and 1928, while the workforce actually declined by 6 per cent.³³ The nature and extent of this advance was such that some scholars considered it nothing less than a "second industrial revolution." According to Ewan Clague in 1926:

There is taking place in the United States today a new industrial revolution which may far exceed in economic importance that older industrial revolution ushered in by the series of mechanical inventions which occurred in England in the last quarter of the eighteenth century, and which eventually transformed English industrial, political and social life. Many people today are aware that great improvements in machinery, processes, management, and output are taking place; but except for a few magazine articles from time to time, very little has been done to express this advance in productive efficiency in comprehensive terms. Some people have hesitated to accept as typical of industrial production as a whole the surprising figures of improved output in particular plants or establishments. And yet, even when we deal in mass figures, the facts stand out clearly and unmistakably. We are at the present time experiencing what is perhaps the most remarkable advance in productive efficiency in the history of the modern industrial system....³⁴

However, this revolutionary transformation of production was not accompanied by a concomitant expansion

of social purchasing power. Mary Van Kleeck, the Director of the Department of Industrial Studies of the Russell Sage Foundation, acknowledged this problem as early as 1926:

Mass production seems to be a very stable thing, and yet with all its economic ramifications it is an extremely sensitive machine. The gap is wide between the production of goods and the purchase of them, and in that gap is the whole process of distribution of income. In the delicate financial process of distributing income the same economic system which is producing such masses of goods fails somehow to get enough income into the hands of the people for whom those goods are produced....No longer is the danger so serious that it will not be possible to produce enough to feed and clothe people, but we are not yet distributing what we produce so as to feed and clothe and house everybody adequately.³⁵

As a result of this situation, Van Kleeck concluded, "the customers who are to buy the goods have not enough money in their pockets to purchase the quantity produced." This, in turn, was a major cause of "the slumps in the business cycle" and the concomitant rise in unemployment.³⁶

During this period the purchasing power of the working class failed to increase significantly. As Mike Davis puts it, "during the first great consumer-durable boom of the 1920s, the majority of the semi-skilled industrial working class remained trapped in poverty-level incomes, unable to participate in the hoopla of car and house buying."³⁷ Who benefited, then, from "the prosperity" of the twenties? Charles Holt's research reveals "the prosperity of the twenties was a prosperity of the few but not of the many." As such, these results are consistent with Irving

Bernstein's contention: "The twenties were, indeed golden, but only for a privileged segment of the American population....This was a society in imbalance and workers enjoyed few of its benefits."³⁸ This imbalance--the imbalance between workers' capacity to produce and their capacity to consume--eventually led to the crisis of underconsumption of the thirties.³⁹

The rise of Taylorism and Fordism contributed to the outbreak of the interwar economic crisis in the United States.⁴⁰ For while the Taylorist and Fordist revolutions were a contributing factor to an unprecedented rise in productivity, and to a spectacular increase in the rate of profit, they could not resolve the problem of coordinating effective demand to rising productivity.⁴¹ They couldn't resolve this problem, among other reasons, because Taylorism and Fordism were a "micro" approach to a "macro" problem: the regulation of the wage relation.⁴² That is to say, they sought to stabilize the capital-labor relation at the level of the firm, without the intervention of the state. In any case this was a problem that took almost two decades and a monumental conflict to solve. Moreover, as David Montgomery and others have demonstrated, Taylorism and Fordism provoked workers' resistance and struggles--such as sabotage, strikes, and trade union struggles--everywhere they were implemented. Despite these struggles, by the mid 1920s American employers had largely defeated

workers' opposition to the reorganization of production via the stop watch and the assembly line.⁴³

Ironically, it was the very success of the employers' "American Plan" and its strategy of stifling trade unions and blocking wage increases, that led in part to the collapse of the incipient Fordist regime of mass production and mass consumption. Most employers were either unaware of or unwilling to question the long-term consequences of their actions, driven as they were by preference for short-term gains in productivity and profits. There was, however, a small group of employers who along with some industrial engineers and social scientists had a different perspective. This economic and social elite understood the danger of relying exclusively on coercion to intensify the work process, and believed that poverty-level wages of the semi-skilled workers threatened the consumer-durable "boom". They also became aware of the contradiction of trying to organize a mass production/mass consumption economy within a fundamentally laissez-faire state. In response to the Great Depression, this elite became deeply involved in the efforts to map a new political economy, a political economy based on the expansion of mass consumption via the intervention of the state. At the forefront of this effort were the members of the Taylor Society.

ENDNOTES

¹Albert O. Hirschman, "How the Keynesian Revolution Was Exported from the United States, and Other Comments," in Peter A. Hall, ed., The Political Power of Economic Ideas: Keynesianism Across Nations (Princeton, N. J.: Princeton University Press, 1989), p. 347.

²Peter A. Hall, "Introduction," in Peter A. Hall, ed., The Political Power of Economic Ideas, p. 6. John Maynard Keynes, The General Theory of Employment, Interest and Money (London: Macmillan, 1936). For a discussion of Keynes' life and work see Roy Harrod, The Life of John Maynard Keynes (London: Macmillan, 1951); D. E. Moggridge, Keynes (London: Macmillan, 1976); and Robert Skidelsky, John Maynard Keynes (London: 1986). For a discussion of Keynes ideas see, among others, Lawrence Klein, The Keynesian Revolution (New York: Macmillan, 1947); Herbert Stein, The Fiscal Revolution in America (Chicago: Chicago University Press, 1969); Robert Lekachman, Keynes General Theory (New York: St. Martins, 1964); Robert W. Dimand, The Origins of the Keynesian Revolution: The Development of Keynes Theory of Employment and Output (Stanford, Ca.: Stanford University Press, 1988); Dan Patinkin, Keynes Monetary Thought (Durham, N. C.: Duke University Press, 1976).

³Hall, "Introduction," p. 4-5.

⁴Hall, "Introduction," p. 5.

⁵For my use of Keynesianism see Margaret Weir and Theda Skocpol, "State Structure and the Possibilities for 'Keynesian' Responses to the Great Depression in Sweden, Britain, and the United States," in Peter B. Evans, Dietrich Reuschemeyer, and Theda Skocpol, eds., Bringing the State Back In (Cambridge: Cambridge University Press, 1985), p. 150, footnote 3; and Steve Fraser, "From the 'New Unionism' to the New Deal," Labor History 25 (Summer 1984), p. 408, footnote 1.

⁶For an introduction to regulation theory see Michel Aglietta, A Theory of Capitalist Regulation (London: New Left Books, 1979); Alain Lipietz, Mirages and Miracles: The Crisis of Global Fordism (London: New Left Books, 1987); and Robert Boyer, The Regulation School: A Critical

Introduction (New York: Columbia University Press, 1990). For a review of the rapidly developing regulation literature see Bob Jessop, "Regulation Theories in Retrospect and Prospect," Economy and Society Vol. 19, no. 2, (May 1990), pp. 153-216. For a discussion of the regulation approach see Chapter 2.

⁷Jessop, "Regulation Theories in Retrospect and Prospect," p. 154.

⁸Jessop, "Regulation Theories in Retrospect and Prospect," p. 174.

⁹As used here, Fordism denotes not a specific labor process or production techniques, but a regime of accumulation based on the articulation between mass production and mass consumption. As Robert Boyer indicates, the concept of Fordism is intended to characterize the macroeconomic conditions governing accumulation. As such it only makes sense at the level of the whole economy, not at the level of the firm. For a discussion on the ambiguity of the concept of Fordism see Boyer, The Regulation School, pp. ix-xxii.

¹⁰In this study I use the notion of a "Keynesian" mode of regulation instead of "monopoly" regulation (which is the concept used by Lipietz and other regulation theorists) to describe the post-World War II mode of regulation. My use of "Keynesian" instead of "monopoly" is intended to emphasize the significance of the role of the state in the postwar mode of regulation.

¹¹Steve Fraser and Gary Gerstle, "Preface," in Steve Fraser and Gary Gerstle, eds., The Rise and Fall of the New Order, 1930-1950 (Princeton, N. J.: Princeton University Press, 1989), p. xv.

¹²Jessop, "Regulation Theory in Retrospect and Prospect," p. 196. For a discussion of modes of regulation as "chance discoveries" see Lipietz, Mirages and Miracles, pp. 12-15.

¹³David Harvey, The Condition of Postmodernity (Oxford: Basil Blackwell, 1989), pp. 125-140.

¹⁴Phil Blackburn, Ken Green and Sonia Liff, "Science and Technology in Restructuring," Capital and Class 18 (November 1982), pp. 16-17; Harry Cleaver, Reading Capital Politically (Austin: University of Texas Press, 1979), pp.

4-9; Eric Alliez and Michel Feher, "The Luster of Capital," Zone 1-2, 1985, pp. 315-333.

¹⁵Aglietta, A Theory of Capitalist Regulation, p. 158.

¹⁶Mike Davis, Prisoners of the American Dream (London: New Left Books, 1986, p. 191.

¹⁷Davis, Prisoners of the American Dream, p. 197.

¹⁸Elaine Tyler May, "Cold War-Warm Hearth: Politics and the Family in Postwar America," in Steve Fraser and Gary Gerstle, eds., The Rise and Fall of the New Deal Order (Princeton: Princeton University Press, 1989).

¹⁹Larry Sawers and William K. Tabb, Sunbelt/Snowbelt: Urban Development and Regional Restructuring (Oxford, Oxford University Press, 1984), pp. 3-15; Manuel Castells, The Economic Crisis and American Society (Princeton: Princeton University Press, 1980), pp. 200-214.

²⁰Davis, Prisoners of the American Dream, p. 191.

²¹Harvey, The Condition of Postmodernity, p. 138.

²²The discussion of the factors that led to this crisis is beyond the scope of this work. It should be noted, however, that there are several contending explanations for the crisis, including those who question the existence of the crisis itself. For an analysis of the crisis of Fordism from a regulation school perspective see Aglietta, A Theory of Capitalist Regulation; Alain Lipietz, "Behind the Crisis: The Exhaustion of a Regime of Accumulation. A 'regulation school' perspective on some French empirical works," Review of Radical Political Economics, vol. 18 (1&2), pp. 13-32; and Robert Boyer, "Technical Change and Regulation Theory," CEPREMAP, No. 8707, March 1987, pp. 30-33. For an analysis of the Fordist crisis from a different perspective see Michael S. Piore and Charles F. Sabell, The Second Industrial Divide: Possibilities for Prosperity (New York: Basic Books, 1985). For a critique of both of these approaches see Julie Graham, "Fordism/Post-Fordism, Marxism/Post-Marxism: The Second Cultural Divide?" Paper presented at the international conference on Marxism Now, Amherst, Massachusetts, Nov. 30-Dec. 2, 1989.

²³Harvey, The Condition of Postmodernity, p. 124. In recent years there has been a growing debate over the

question of the transition from Fordism to a post-Fordist regime of accumulation. The debate has centered on the issues of the degree of consolidation of this process, its social and economic implications, and the political responses to post-Fordism. This debate--as Harvey acknowledges--is far from closed. See, for example, the debate in "Post-Fordism: Flexible Politics in the Age of Just-In-Time Production," in the special issue of Socialist Review 1 (January-March 1991), pp. 53-150.

²⁴Boyer, The Regulation School, pp. xxiii-xxiv.

²⁵For an overview of the Taylor Society see Milton J. Nadworny, Scientific Management and Unions (Cambridge, Mass.: Harvard University Press, 1955); and Samuel Haber, Efficiency and Uplift: Scientific Management in the Progressive Era, 1890-1920 (Chicago: Chicago University Press, 1964).

²⁶For a discussion of the distinction between the more radical, regulatory-oriented "social Keynesianism" espoused by those associated with the Taylor Society and the more conservative, fiscal-oriented "commercial Keynesianism" see Steve Fraser and Gary Gerstle, eds., The Rise and Fall of the New Deal Order (Princeton: Princeton University Press, 1989), pp. xiii-xiv.

²⁷For a perspective that argues precisely this point see Bradford A. Lee, "The Miscarriage of Necessity and Invention: Proto-Keynesianism and Democratic States in the 1930s," in Peter A. Hall, ed., The Political Power of Economic Ideas, pp. 129-170.

²⁸For a discussion on the role of ideas in political economy and the structure of political discourse see Peter A. Hall, ed., The Political Power of Economic Ideas.

²⁹Several key members of the Taylor Society were also members of other institutional networks. Edward A. Filene and Henry Dennison, for example, were co-founders of the Twentieth Century Fund. Mary van Kleeck was a leading member of the Russell Sage Foundation.

³⁰This description of the corporatist strategy is taken from Steve Fraser, "From the 'New Unionism' to the New Deal," p. 407.

³¹Steve Fraser, "The 'Labor Question'," in Steve Fraser and Gary Gerstle, eds., The Rise and Fall of the New Deal Order, pp. 60-61.

³²My discussion of the "Keynesian" elite and its strategy draws heavily upon the works of Steve Fraser and Peter Friedlander. See Fraser, "Dress Rehearsal for the New Deal: Shop Floor Insurgents, Political Elites, and Industrial Democracy in the Amalgamated Clothing Workers Union," in Michael Frisch and Daniel Walkowitz, eds., Working-Class America (Champaign, University of Illinois Press, 1983); "From the 'New Unionism' to the New Deal," Labor History 25 (Summer 1984), pp. 405-30; and "The 'Labor Question'," in Steve Fraser and Gary Gerstle, eds., The Rise and Fall of the New Deal Order (Princeton: Princeton University Press, 1989). Peter Friedlander, "The Origins of the Welfare State: The Keynesian Elite and the Second New Deal, 1910-1936," (unpub. MS, 1987) presents a pathbreaking structural analysis of this "Keynesian" elite and its network of business and political associations.

³³Mike Davis, Prisoners of the American Dream (London: Verso, 1986), p. 51 (footnote 66). See also, Chris Nyland, "Scientific Management and Planning," Capital and Class 33 (Winter 1987), pp. 55-83.

³⁴Ewan Clague, "Index of Productivity of Labor in the Steel, Automobile, Shoe and Paper Industries," Monthly Labor Review vol. 23, no. 1 (July 1926), p. 1. See also Stanley H. Jevons, "The Second Industrial Revolution," The Economic Journal vol. 41 (1931), pp. 1-18; and Woodlief Thomas, "The Economic Significance of the Increased Efficiency of American Industry," American Economic Review Supplement vol. 18, no. 1 (1928), pp. 122-138.

³⁵Mary Van Kleeck, "Modern Industry and Society," Address to Women's Industrial Conference, under the auspices of the Women's Bureau of the Department of Labor, Washington, D. C., January, 19, 1926, Mary Van Kleeck Papers, the Sophia Smith Collection, Smith College, Northampton, Mass. box 24, folder 488 [hereafter cited as Van Kleeck Papers]. This address was published in American Federationist (June 1926).

³⁶Van Kleeck, "Modern Society and Industry," Van Kleeck Papers, box 24, folder 488.

³⁷Davis, Prisoners of the American Dream, p. 191. For a critical discussion of the so-called "prosperity" of the

twenties and its relationship to the living standards of the "working classes", see Frank Stricker, "Affluence for Whom? Another Look at Prosperity and the Working Classes in the 1920s," Labor History 24 (Winter 1983), pp. 5-33.

³⁸Charles Holt, "Who Benefited from the Prosperity of the Twenties?," Explorations in Economic History p. 282; Bernstein, The Lean Years: A History of the American Worker, 1920-1933 (Boston: Houghton Mifflin, 1972), p. 47.

³⁹For a discussion of the imbalance between workers' capacity to produce and their capacity to consume see Maurice Leven, Harold G. Moulton, and Clark Warburton, America's Capacity to Consume (Washington, D.C.: Brookings Institution, 1934). For a thorough analysis of the crisis of the 1930s see Michael A. Bernstein, The Great Depression: Delayed Recovery and Economic Change in America, 1929-1939 (New York: Cambridge University Press, 1987).

⁴⁰I use Fordism here, in a narrow sense, to describe a more comprehensive application of scientific management to the labor process, characterized by the introduction of the assembly line and by the mass production of standardized commodities.

⁴¹Between 1923 and 1927 profits of industrial corporations increased at an average rate of 9 percent. For the decade as a whole they rose by 80 percent while the profitability of financial institutions increased by 150 percent. Nyland, "Scientific Management and Planning," p. 71. See also Arthur M. Schlesinger, The Crisis of the Old Order (Boston: Houghton Mifflin, 1957), p. 68; and George Soule, Prosperity Decade (New York: Rinehart, 1947), p. 295.

⁴²I use the concept of "regulation" to denote the manner in which a social relation is reproduced notwithstanding its conflictual and contradictory character. Alain Lipietz, "Reflections on a Tale: The Marxist Foundation of the Concepts of Regulation and Accumulation," Studies in Political Economy 26 (Summer 1988), pp. 7-35.

⁴³David Montgomery, Workers Control in America (New York: Cambridge University Press, 1979); Montgomery, The Fall of the House of Labor (New York: Cambridge University Press, 1987).

CHAPTER II

CONCEPTUAL FRAMEWORK

Introduction

In this chapter I focus on conceptual and methodological questions. In particular, I will address some key problems concerning the relationship between political economy and history. This discussion has two targets. The first is to critique the dominant approach to modern U.S. political economy: the corporate liberalism school. The second is to present an alternative approach to that subject: the regulation approach.

Underlying my discussion is the understanding that conceptual frameworks provide an entry point into the analysis of real historical diversity and specificity. As Doreen Massey states, the purpose of a conceptual framework is not to provide an abstract and pre-given taxonomy that will render the "real" world understandable, nor to superimpose a formal model on "reality" and expect it to conform. The point of the framework is to provide an approach to the analysis of the real world, not a substitute for it.¹

A theoretical framework, thus, cannot in itself (nor is it its purpose to) answer questions about what is happening at any particular time or in any particular place. It can, however, provide an approach that will

enable us to reformulate the questions being asked and the problems being studied, in the hope that this will contribute to an alternative understanding of the real world. Frameworks matter. And because they do, one should not remain neutral before different conceptions put forth by contending theories. Accordingly, in this chapter I will take position on two contending approaches to modern U.S. political economy.

Critique of Corporate Liberalism

During the last several decades there has been a growing body of literature concerned with the study of twentieth-century American political economy. The purpose of much of this literature was to reassess the so-called "progressive" or "liberal" school of interpretation, which was characterized by its emphasis on the conflict between "business and government". This revisionist process led to the emergence of a new conceptual framework which proposed the notion of "corporatism" or "corporate liberalism" as the organizing principle of research concerning the political economy of twentieth-century America.²

Although there are semantic differences among those who use the terms corporatism and corporate liberalism, most historians of the "corporate liberalism school" use these concepts to describe both a political-economic system

and a certain ideological perspective. According to Ellis Hawley:

A corporate system is one whose basic units consist of officially recognized, non-competitive, role-ordered occupational or functional groupings. It is also one with a coordinating machinery designed to integrate these units into an interdependent whole and one where the state properly functions as coordinator, assistant, and midwife rather than director or regulator. In such a system there are deep interpenetrations between state and society, and enjoying a special status is an enlightened social elite, capable of perceiving social needs and imperatives and assisting social groups to meet them through enlightened concert of interests.³

This definition, as Michael Hogan points out, draws upon Philippe Schmitter's notion of an "ideal-type" corporatism; and it calls our attention "to the emergence of an administrative state with limited but important responsibilities, the concurrent appearance of organized units of private economic power, the collaborative systems that fused these units into concerts of group action and self-government, and the administrative networks that link private governments and public authorities."⁴

In the case of the United States, corporate liberalism historians use the term "associationalism" to refer to the specific variant of corporatism that has developed in this country.⁵ The inference to be made by the use of this concept is that in the United States political and economic initiative comes more often from the private sector than

the public sector; that the patterns of interpenetration and power-sharing between these two sectors are more informal and less institutionalized than in Europe and Latin America; that the role and power of the labor movement is less developed than its European counterpart; and that pluralist ideology and practices remain more important than in other corporatist societies.⁶

As an ideology, corporate liberalism denotes a set of liberal ideas that envisioned a "middle way" between laissez-faire and "welfare statism." Michael Hogan summarizes this ideological perspective in the following way:

the spokesmen of corporate liberalism favored positive programs, including those administered by government, to tame the business cycle, nurture growth, and protect elements of the population that did not yet share in the material benefits of modern capitalism. But they also sought to contain the state by entrusting much of the responsibility for public policy to semiautonomous agencies of economic coordination and control, to supposedly nonpartisan experts from the private sector, and to corporative systems of economic planning, voluntary regulation, and social welfare.⁷

According to this analysis, the corporate liberal tendency of the interwar years is best exemplified by men such as Owen D. Young, chairman of the board of the General Electric Company, Henry S. Dennison, a Massachusetts paper products manufacturer, Edward A. Filene of the Filene department stores, and others like them who participated in

the Commerce Department's Business Advisory and Planning Council and the Committee for Economic Development. Also considered corporatist, are the types of reforms these corporate leaders promoted, as for example, the establishment in the 1930s of the National Recovery Act, or the development in the 1940s of a counter-cyclical fiscal policy.⁸

Although the corporate liberalism school is quite diverse and not easy to categorize in simple terms, we can recognize two distinct wings within this school of historiography: a "new left" wing and a "techno-corporatist" wing. The new left wing emerged in the 1960s with the research and writings of "neo-Marxist" scholars like William Appleman Williams, Gabriel Kolko, James Weinstein, and Ronald Radosh.⁹ According to Thomas McCormick, these new left historians amended and extended early organizational theory into a more fully-developed and explicit system of corporatism. They did so in two ways. First, they went beyond business corporations (the focus of organizational theory), and included labor in their analysis. In particular, they described attempts "to substitute class collaboration for class conflict via a corporatist ideology that stressed the community of interests, aims, and ideals between capital and labor." Second, they stressed an increasingly important role for the state: "to arbitrate differences and coordinate the

interests of capital and labor;" to establish institutions that would "sanction self-regulation and planning by the private sector;" and to legitimate the process of economic concentration and rationalization.¹⁰

The new left wing, moreover, articulated the first radical critique of the limits of the New Deal. This critique was aimed at the interpretation of the liberal scholars of the 1950s and 1960s--Arthur M. Schlesinger, Jr., Frank Freidel, William Leuchtenburg, and James M. Burns--who wrote from a "liberal democratic consensus" viewpoint favorable to the New Deal:

Enamored of Franklin D. Roosevelt and recalling the bitter opposition to welfare measures and restraints upon business, many liberal historians have emphasized the New Deal's discontinuity with the immediate past. For them there was a 'Roosevelt Revolution', or at the best least a dramatic achievement of a beneficent liberalism which had developed in fits and spurts during the preceding decades.... For most liberal historians the New Deal meant the replenishment of democracy, the rescuing of the federal government from the clutches of big business, the significant redistribution of political power. Breaking with laissez-faire, the new administration, according to these interpretations, marked the end of the passive or impartial state and the beginning of positive government, of the interventionist state acting to offset concentrations of private power, and affirming the rights and responding to the needs of the underprivileged.¹¹

The new left view, on the other hand, argued that the New Deal was essentially conservative and continuous with the previous decade; and that it failed to institute the

radical measures necessary to have made America more democratic and egalitarian:

The liberal reforms of the New Deal did not transform America; they conserved and protected American corporate capitalism, occasionally by absorbing parts of threatening programs. There was no significant redistribution of power in American society, only limited recognition of other organized groups, seldom of unorganized people. Neither the bolder programs advanced by New Dealers nor the final legislation greatly extended the beneficence of government beyond the middle classes or drew upon the wealth of the few for the needs of the many. Designed to maintain the American system, liberal activity was directed toward essentially conservative goals. Experimentalism was most frequently limited to means; seldom to ends. Never questioning private enterprise, it operated within safe channels, far short of Marxism or even native American radicalisms that offered structural critiques and structural solutions.¹²

A key problem with the new left perspective, however, is its "instrumentalist" conception of the state. That is, it views the state as a simple tool or instrument of the ruling-class.¹³ Accordingly, this analysis of how and why the "American corporate state" developed during the twentieth-century posits that: "a sophisticated group of large corporate reformers managed to replace a freely competitive economy and make a new governing class, through the use of reform mechanisms to mold the government into a mighty instrument of monopolization and cartelization."¹⁴ More specifically, the new left instrumentalist conceptualization of the state is also clearly evidenced in

their understanding of the New Deal as a class-conscious strategy designed to save U.S. corporate capitalism.¹⁵

As Fred Block points out, the basic premise of the new left analysis is that the extension of state power during the twentieth-century was the product of the deliberate actions of class-conscious capitalists. As such, this analysis involved a reinterpretation of the traditional understanding of American liberalism. The traditional view argued that liberalism was the movement of other sections of society to restrict the power of big business. According to this perspective, the expansion of the role of the state during the twentieth-century was an outcome of popular struggles that succeeded in making capitalism a system more responsive to all citizens. The new left interpretation reversed the traditional view, arguing that liberalism was the movement of enlightened capitalists to save corporate capitalism. In this view, the expansion of the state's role was designed by corporate capitalists and their allies to rationalize the economy and society, that is, to stabilize and revitalize American capitalism.¹⁶

According to this perspective, the New Deal reforms and programs were intended to deliberately "incorporate" the American working class into corporate capitalism:

In reality, the role played by the Wagner Act was the same as that of the NRA and the other conservative New Deal programs. It was the Wagner Act that allowed the Administration to obtain the final integration of organized

labor into the existing political economy of corporate capitalism.¹⁷

The role of labor leaders and unions is analyzed in much the same way:

As the union movement grew, its leaders accepted the existing corporate political economy, in return for a minor share in the decision-making process and increasing economic rewards for union members. Its leaders developed organized labor into an institution that functioned to integrate workers into the existing political economy, rather than as a lever for change.... To keep [a highly bureaucratic and statist corporate capitalist machinery] functioning smoothly, the corporate national class required the aid of a state-regulated and approved movement. Such a brand of unionism would help the corporations maintain their hegemonic control over American society.¹⁸

This, explains Ronald Radosh, is why Franklin D. Roosevelt's administration aided in the development of the CIO, which is conceived by the new left wing as "a government-created instrument" that enabled enlightened corporate capitalists to overcome the resistance to change of both laissez-faire capitalists and craft unions that refused to accept the new corporate liberal state.¹⁹

In synthesis, the new left's analysis is based on a "conspiracy" model of history in which all historical outcomes consciously serve the interest of the dominant (i.e., capitalist) class. Specifically, it sees the New Deal as a case where a self-conscious capitalist class was able to manipulate the state to further their own interest. Such a conception, however, downplays or simply disregards:

(1) the relative autonomy of the state from the capitalist class, (2) the role of workers' struggles in pushing forward the major reforms and programs of the New Deal, and (3) the opposition of the majority of capitalists (including corporate capitalists) to the most important New Deal reforms (including the Wagner Act).²⁰

The techno-corporatist wing emerged in the 1970s and is best exemplified by the works of scholars like Ellis W. Hawley, Robert D. Cuff, Kim McQuaid, Guy Alchon, and Robert M. Collins.²¹ According to Louis Galambos, the works of these authors are a key component of the "organizational synthesis," a broader interpretational framework which posits large-scale organizations as the centerpiece of modern U.S. history. As such, this approach stresses not the political struggles between liberal and conservative forces, but the creation of new and elaborate forms of bureaucratic organizations that became hegemonic in American society.²² For this perspective, as Alan Brinkley points out, the central forces shaping modern America society have been: (1) the decline of informal, personal authority and local autonomy, (2) the rise of large-scale, national bureaucratic organizations, and (3) the redefinition of roles and specialization of tasks that modern organizations demand.²³

Drawing upon the organizational approach the techno-corporatist historians have attempted to trace what Robert

Wiebe called "the search for order," and in the process, they have reconceptualized the relationship between capital and the state in the twentieth-century America.²⁴ In particular, they have challenged the progressive/liberal contention that "business and government" have been in constant conflict and have shown, instead, how the "private sector" and the "public sector" formed patterns of association and accommodation beneficial to both. The central contribution of this research, according to its own practitioners, was the "discovery of a corporate liberalism". As Ellis Hawley puts it:

American liberalism has indeed had its market-oriented and statist varieties, and these have been mixed in numerous and varied ways. But developing alongside these, competing with them and entering into many of the mixtures, has been a 'corporate liberalism' seeking answers in new private orders and disciplines and claiming that it could provide a liberal but non-statist alternative to laissez-faire prescriptions.²⁵

Moreover, the techno-corporatist wing has also questioned the notion that corporate capitalists have been able to unilaterally dominate and control the state for their own purposes. Instead, they view the state as a subject (a self-conscious actor) that functions as a neutral arbitrator which mediates between capital, labor, and other organized interests. In this view, the state acts as a "coordinating machinery" designed to integrate these sectors into an interdependent whole and to promote

the general welfare by creating a "true concert or harmony of interests."²⁶ Accordingly, where other historians see conflict or simply an instrument of class domination, techno-corporatist historians see a partnership between capital and the state in the form of an "associative state" characterized by "functional representation, concerts of interest, public-private continuums, and elitist engineering of harmonious abundance."²⁷

There are several important and closely interrelated problems with the techno-corporatist view of the state. The first is that such a conception of the state--with its underlying emphasis on social harmony, cooperation, and functional interdependence--tends to ignore not just class and social conflict in general, but more specifically, the effects of these conflicts on the formulation of state policies. Consequently, state policies appear as the outcome of "enlightened elites" acting in name of some unproblematic "common good." Furthermore, by placing the actions of the state outside the field of social and class struggle, this view fails to grasp the contradictory nature of social change in modern America.

Second, the notion of a "neutral" state mediating between different "organized interests" assumes an equivalence of power and influence between capital and labor. Such an assumption, as Leo Panitch points out, is one that derives from traditional liberal theory: "It is

based on the view that if producers' organizations voluntarily enter into a 'social contract', they must do so on the basis of equality, just as liberal economic theory assumes with regard to individuals in the market."²⁸ In the "real" world, however, there is a vast inequality in power between capital and labor. Thus, the assumption of power equivalence within the techno-corporatist view of the state obscures the problem of unequal power relations between capital and labor. In this sense, corporatism is no different than pluralist theory--they both obscure the problem of power relations.

Finally, the techno-corporatist view is particularly weak when it comes to explaining the increased role and the changing functions of the state during the twentieth-century. If, as the techno-corporatist historians contend, the transformations in the role of the state are not a product of the changing needs of the capitalist class in maintaining its political and economic dominance, how does one account for what Panitch calls "the systematic bias toward capitalist class domination" by the state?²⁹ On the other hand, if one disregards (as the techno-corporatist does) the effects of class and social struggle on the formulation of state policies, how does one explain those policies and reforms (such as the Wagner Act) that were forced upon the capitalist class? How does one account for those occasions when the state will intervene against the

particular interests of capitalists in order to protect the general interest of capital? These are key problems the techno-corporatist view fails to address. As a consequence it does not provide an adequate account of the transformations of the role of the state during the twentieth-century.

The techno-corporatist wing is also relies heavily on modernization theory. This is most evident in the way it describes America's so-called "organizational revolution" as some inexorable process moving through history. As Alan Brinkley points out, such a description of modern America participates of "an unmistakable aura of inevitability, a sense that in its broad outlines, at least, what has happened is what has had to happen." Consequently, it adopts a winner's vision of history, in which those who have opposed the centralizing tendencies of modern society (i.e., the process of "modernization") are viewed as essentially irrelevant social forces holding on to an archaic vision of society, and are consequently consigned to the margins of historical analysis. In doing so, it gives us a lopsided version of twentieth-century U.S. political economy, which leaves out of its field of study the voices of protest and dissent, and the visions of an alternative society.³⁰

Despite their differences, both wings of the corporatist school share several important conceptual and

methodological limitations. First, both of these perspectives place excessive emphasis on "consensus," emphasis that has made some scholars wonder if the corporatist synthesis is not a return to consensus historiography "by the back door."³¹ A consequence of this undue reliance on consensus is that the corporatist school downplays or simply ignores conflict. Ellis Hawley--who is himself a leading corporatist historian--has suggested that the most significant contribution made by the corporate liberalism school, is precisely, that it offers further evidence that:

the core of modern American history may consist not of class struggles, business-government conflict, and market versus statist prescriptions; that it may consist instead of an organizational pluralism in which state agencies collaborated with and became attached to private orders, of recurring crises brought on by failures of coordination and resistance to organizational values, and of persisting commitments to liberal values and the possibility of realizing them through corporative structures employing private enlighteners and disciplines.³²

For the corporate liberalism view, thus, the development of modern U.S. political economy was neither the product of class struggles, nor the result of any other form of social conflict. It was rather, the outcome of the actions of identifiable enlightened elites. Accordingly for the corporatist approach, what happened in the 1930s--including the New Deal--"seems best conceptualized not as

the workings of a class struggle or as the coming of 'big government but as the efforts of a pluralistic social order with liberal commitments to find private structures and elites capable of correcting perceived ills and malfunctions."³³

Moreover, this interpretation disregards the key role of working class struggles in pushing forward the major reforms of the New Deal. In particular, it ignores that it took the decade-long struggle of the new industrial unions of the CIO to force upon the capitalist class union recognition and collective bargaining. The history of these reforms shows that the majority of capitalists were unwilling to grant such concessions to the working class. These capitalists were too short-sighted initially to accept, let alone to promote, major reforms such as the Wagner Act and the Social Security Act. The fact of the matter is that they opposed and resisted such changes. The major reforms of the New Deal were passed and implemented over the opposition of the majority of the capitalists.³⁴ They were won through working class struggles "from below." These struggles, as Fred Block suggests, pressured state managers to institute economic and social reforms that simultaneously provided benefits to many workers, strengthened the state in relation to the working class, and increased the state's capacity to intervene in the capitalist economy.³⁵

Secondly, they both also place undue emphasis on "continuity," and consequently tend to disregard "change." Corporatist historians view the history of twentieth-century U.S. political economy as a single process, as an "evolving" corporate liberalism. According to this perspective, the rise of corporate capitalism at the turn of the century marked a new stage in the history of American capitalism. This stage presumably has not ended. The New Deal, in this view, is seen not as an important moment of historical change, but as "part of a continuing pattern," which began at least during the 1920s. This concern with continuity has led corporatist historians to stress, for example, how Hoover's concept of "countercyclical stabilization" gave way to Keynesian strategies of "demand management," and how welfare capitalism and company unionism led to the welfare state, and the Wagner Act.³⁶

Furthermore, the attempt to apply the corporatist paradigm to the New Deal as a whole (and thus to both the First and Second New Deal) leads to a perspective that downplays the significance of the radical break in policy that occurred between 1935 and 1938 during the Second New Deal. And when this dramatic shift is recognized at all, as Peter Friedlander points out, it is "as a brief and inexplicable intrusion by a band of 'statist planners, anti-trust decentralizers, laborite activists, and anti-

business Keynesians'."37 According to this view, thus, the Keynesian policies deployed during the Second New Deal amount to nothing more than an interruption in the patterns of continuity that characterize U.S. political economy since at least the 1920s.

Third, the interpretation put forth by both of these perspectives has resulted in the obscuring of strategic ideological and political differences within the capitalist class. By arguing either that corporate liberalism was the ideology of "big business" or that the New Deal was a deliberate class-conscious attempt to maintain corporate capitalism, the corporatist school fails to acknowledge that corporate liberals were not a cohesive group with a consistent strategy of reform, and that even among long-standing business elites there was never an enduring consensus on the organizational and political implications of corporatism.³⁸ Moreover, this view also fails to acknowledge the existence of other strategies of reform--such as the "proto-Keynesian" strategy of the Taylor Society--within the capitalist class. And when it does recognize these strategies it encompasses them within the ideology and program of corporate liberalism.³⁹

Fourth, in discussing the New Deal both wings of the corporatist school assume a dichotomy between "the economic sphere" and "the political sphere" of society. An important consequence which follows from this assumption is

that the corporatist school tends to ignore the relationship between the process of capitalist accumulation (regime of accumulation) and the institutional forms which affect that process (mode of regulation). In this respect, its analysis of New Deal policies is no different from that of most New Deal historians. As Rhonda Levine points out, the corporatist school discusses New Deal policies from the perspective of the stated intentions of the policymakers themselves, thereby ignoring the structural context within which decision making took place. In doing so, they take for granted the boundaries of state intervention and ignore the limits that economic processes might place on policymaking.⁴⁰

Conversely, this separation reduces capitalist "business" activity simply to "economic activity" abstracted from its sociopolitical context. According to Martin Sklar, this tendency--the tendency to reduce "business" to "economics" or to "economic history"--has obstructed the study of capitalists as a social class involved in social movements, and has largely confined the study of social history to noncapitalist classes and groups. In doing so, it has narrowed the framework of research respecting capitalists to studies of interest-group activity, business history, or the "business mind."⁴¹

As the dominant approach to twentieth-century political economy the corporate liberalism school has made

important contributions to our understanding of contemporary American history. Nonetheless, as the discussion above has shown, the corporatist approach contains significant conceptual and methodological limitations. In particular, the corporate liberalism school--whether in its new left or techno-corporatist version--has oversimplified the relationship between labor, capital and the state. And consequently, it has obscured the complexities of and suppressed the contradictions inherent to the process of development of U.S. political economy in the interwar period. Thus, to go beyond our present understanding of modern American political economy--we need to go beyond corporate liberalism.

A Regulation Approach

An alternative approach to the history of twentieth-century U.S. political economy is presented by the French regulation school. The regulation approach is associated with the work of a group of French political economists including Michel Aglietta, Alain Lipietz, Robert Boyer, and others who have developed the concepts of "regime of accumulation" and "mode of regulation."⁴²

The purpose of this conceptualization is to provide a historically specific theory of capitalist development, a theory, that is, which goes beyond the abstract concept of "capitalist mode of production" and takes the historical

character of capitalism seriously. Its underlying assumption is that since the basic features of capitalism--commodity production and the wage relation--take different forms over time, it becomes necessary to examine the historical forms these basic categories of the capitalist system have taken.⁴³ In order to accomplish this, however, it is necessary to offer an intermediate level of analysis, more general and abstract than a detailed history of capitalism, but more specific and concrete than the abstract theory of capitalism-in-general presented by traditional Marxism.⁴⁴

Regulation theory is characterized by a non-teleological conception of capitalist development. It rejects conceptions which view the history of capitalism as if it were inexorably determined by some abstract "logic of capitalist accumulation" or as the expression of "the general laws of capitalism." Instead, it attempts to provide a conception in which both social agency and contingency play a significant role. As such, it focuses on class relations, technological change, and political struggles, as the concrete and contingent determinants of history.⁴⁵ For regulation theory thus the development of capitalism is not preordained. Rather, it is always mediated through historically contingent institutional forms, regulatory networks, and norms of conduct (such as the wage relation, the state, and forms of competition),

which are themselves always the product of past and present struggles.⁴⁶

The regulation school developed in the 1970s, when the economic crisis forced many radical intellectuals to reassess their assumptions and understandings of how capitalism works. It emerged in part out of the demise of Althusserian structuralism.⁴⁷ Regulation theorists argued that Althusserianism placed undue emphasis on reproduction and correspondingly disregarded contradiction. In their view, Althusser's reproduction paradigm (which was based on his rather static reading of Marx) was inadequate to conceptualize the model of capitalist reproduction prevalent in advanced capitalist societies--a model characterized by the combined dynamic transformation of production and consumption. Moreover, the Althusserian view of reproduction, in which social-economic reproduction appeared to succeed in a near spontaneous manner, did not provide a sound basis for explaining the capitalist crisis of the 1970s.⁴⁸

In short, as Bob Jessop states, regulation theorists rejected the Althusserian conceptualization of "reproduction," which assumes that structures somehow maintain themselves quasi-automatically, independent of effective social agency, and without significant transformations. In its place, they developed an alternative conceptualization based on the concept of

regulation.⁴⁹ Michel Aglietta defines this concept in the following way:

One should try to avoid using the term 'reproduction' either in the sense of a self-perpetuating invariant or as an outcome of social contradictions which are a priori predictable. All that is reproduced is the problem of socialization: how can social cohesion exist, despite the discord of social conflict. This is the problem which the concept of regulation attempts to confront. Contrary to the currently fashionable interpretation of Marxism, it does so without resorting to any teleological hypotheses. The theory of capitalist regulation is that of the genesis, development, and disappearance of social forms, in short, of the transformations which the separations constituting capitalism undergo.⁵⁰

In other words, without assuming that reproduction must occur, the regulation approach asks how capitalism is reproduced given the conflictual and contradictory character of capitalist social relations. As Jessop points out, in explaining how regulation occurs (i.e., how social relations take on stabilized forms even though these relations are contradictory), regulationists looked at specific institutional forms, social norms, and patterns of strategic conduct which expressed and stabilized conflicts over a certain period of time. However, given the inherent contradictions and antagonisms of capitalism, regulation is always conceived as partial, temporary, and unstable.⁵¹

The two key concepts developed by the regulation school are regime of accumulation and mode of regulation. According to Alain Lipietz, "a regime of accumulation

describes the fairly long-term stabilization of the allocation of social production between consumption and accumulation." In other words, a regime of accumulation is essentially a reproduction scheme--it comprises a pattern of production and consumption which can be reproduced over time despite its conflictual tendencies.⁵² Several regimes of accumulation are possible. For example, a regime of accumulation can be either extensive (i.e., accumulation occurs without any major transformations in the labor process), or intensive (i.e., the labor process is radically transformed and labor productivity can continually rise). Further, intensive accumulation can occur without mass consumption, or with growing mass consumption.⁵³

As David Kotz indicates, these regimes of accumulation are seen as successive stages of capitalist development: with an extensive regime of accumulation characterizing 19th century capitalism, an intensive regime without mass consumption predominant in the early 20th century, and an intensive regime with growing mass consumption developing during the post-World War period. Each regime of accumulation, moreover, is associated with a particular mode of regulation.⁵⁴ However, as we have already noted, regimes of accumulation and modes of regulation are not inscribed in the fate of capitalism. Rather, they are the improbable outcome ("chance discoveries") of social and

political struggles; that is, they emerge in a contingent non-intentional manner.⁵⁵

A mode of regulation refers to an ensemble of institutional forms, norms and social practices, which can secure capitalist reproduction (for a certain period) despite the conflictual and contradictory character of capitalist social relations. These institutional forms and social practices contain and limit the basic conflicts of capitalism and thereby contribute to regulate the process of accumulation.⁵⁶ As Alain Lipietz puts it:

A regime of accumulation does not float, disembodied, in the ethereal world of schemas of reproduction. For one or another such schema to be realized and reproduced over a prolonged period, it is necessary for institutional forms, procedures, and habits to act as coercive or inciting forces, leading private agents to conform to the schema. This set of forms is called a 'mode of regulation'. As we shall see, a regime of regulation cannot correspond to just any mode of regulation. Economic crises, which appear to be a general, manifest mismatch between supply and demand, may in reality reflect a variety of underlying relationships.⁵⁷

However, as Lipietz warns, we should not assume that the "function" of a mode of regulation is to make a regime of accumulation work, or that the Welfare State was invented "in order to make mass production go on smoothly," and so on. Rather, regimes of accumulation and modes of regulation get stabilized together because they are able to ensure the crisis-free reproduction of social relations for a certain period of time. Furthermore, it should be noted

that not every mode of regulation can regulate every regime of accumulation and that a specific mode can present itself as different combinations of partial forms of regulation. For example, the social wage does not have the same importance in the U.S. that it has in Sweden.⁵⁸

The regulation school sees the history of capitalism as a succession of regimes of accumulation and modes of regulation. It emphasizes, moreover, how the contradictions of capitalism take different forms depending on the prevailing regime of accumulation and mode of regulation. According to this approach, the interwar period was characterized by an intensive regime without mass consumption and a competitive mode of regulation.⁵⁹ This mode of regulation, as Kotz states, "enforced a competitive form of wage determination that made wages sensitive to the size of the reserve army and precluded any significant rise in real wages over time, thus preventing mass consumption."⁶⁰

Competitive regulation was relatively adequate for extensive accumulation--characterized by minor changes in norms of production and consumption. But it was not adequate for intensive accumulation which provoked unprecedented productivity gains during the 1920s. By preventing mass consumption "competitive regulation failed to induce a growth of final demand compatible with these productivity gains." This situation eventually led to the

crisis of underconsumption of the 1930s. In short, this crisis is seen by the regulation school as one in which the emergence of a new regime of accumulation (an intensive regime with mass consumption) was being held back by outdated forms of regulation (competitive regulation). It is also analyzed as the first crisis of intensive accumulation or the last crisis of competitive regulation.⁶¹

The post-World War II period was characterized by the development of an intensive regime of accumulation based on mass consumption. Following Gramsci, the regulation school called this regime of accumulation "Fordism."⁶² According to Robert Boyer:

Under this regime the development of the means of production sector of the economy went together with the modernization of the consumer goods sector, whose expansion was stimulated by an apparently unprecedented labor-capital compromise. The task of management was to remodel the labor process according to the canons of scientific management, while the concern of unions was to ensure that workers benefitted from the corresponding productivity increases, through strikes or negotiations.⁶³

Thus, the regulation school uses Fordism to denote not a specific labor process or production techniques, but a regime of accumulation based on the articulation between mass production and mass consumption. The concept of Fordism, as Boyer points out, is intended to characterize the macroeconomic conditions governing accumulation. As

such, it only makes sense at the level of the whole economy, not at the micro level of the firm.⁶⁴

The full-fledged development of Fordism was made possible by a new monopolistic mode of regulation, which encouraged the growth of mass consumption compatible with productivity gains caused by intensive accumulation.⁶⁵ This mode of regulation involved: (1) collective bargaining agreements which linked wages to productivity; (2) an oligopolistic pattern of price setting which contributed to stabilize the accumulation regime; (3) Keynesian macroeconomic policy and the welfare state (including social security, unemployment insurance, and other forms of social wages) which helped to articulate production and consumption; and (4) the hegemony of credit and the expansion of consumer credit facilities.⁶⁶

The monopolistic mode of regulation emerged out of a prolonged period of social and political struggles which began in the 1930s with the New Deal and culminated with the experience of World War II. During the postwar period, after this mode of regulation became consolidated, monopoly regulation ensured 25 years of economic growth and prosperity for U.S. capitalism. But in the 1970s, faced with the exhaustion of Fordism and the crisis of profitability that followed, and with the challenge of the social movements excluded from the benefits of Fordism, the monopolistic mode of regulation plunged into an open

crisis. By the 1980s the crisis of monopolistic regulation (including its Keynesian macroeconomic policies, and the welfare state) had led to the rise of neo-liberalism, supply-side economics and monetarism as the dominant forms of regulation.⁶⁷

In conclusion, the regulation school is concerned with stages and phases of capitalist development rather than with abstract laws of motion and tendencies operating at the level of capitalism in general. As such, it offers a theoretical framework for analyzing the historical development of capitalism that goes beyond traditional Marxist accounts of this subject.⁶⁸ The regulation approach, however, has several significant problems. Most important among these are: the ambiguity of some of its key concepts and the divergent use of these concepts by the members of the regulation school; the weakness of its analysis in relation to the state; the tendency of some studies, particularly the more recent ones, to focus on questions of structural coherence and economic growth and disregard class struggle and social agency; and the need to produce more case studies that will shed light on the usefulness of regulation theory as an approach to the historical development of capitalism while enriching the theory itself. All of these are areas in which the regulation approach needs further development.⁶⁹

Despite its shortcomings the regulation approach has influenced a good number of scholars from a wide range of fields including economics, political science, geography, sociology, labor relations, history and others. Moreover, it has stimulated a significant amount of research which has enhanced our understanding of the political economy of capitalism. Yet, as stated above, the regulation approach has a number of limitations which it needs to overcome if it is to remain a fruitful framework. Once this is recognized, as Boyer indicates, further work within the regulation school cannot simply repeat past research on a larger scale. Rather, the conceptual framework must become more precise and new questions must be asked, and new areas of research undertaken in order to reduce some of the uncertainties that still plague regulation theory.⁷⁰

One way to achieve this is to use the regulation approach to produce case studies that will provide original insights into the development of specific regimes of accumulation and modes of regulation. These detailed and specific historical studies could help give the regulation approach the analytical precision that overly general presentations have lacked.⁷¹ Thus, this dissertation, which examines the role played by key political, technocratic, and managerial elites in the emergence of the post-World War II (Keynesian) mode of regulation, can be seen as a

historical study whose aim is to contribute to the development of regulation theory.

ENDNOTES

¹Doreen Massey, Spatial Divisions of Labor: Social Structures and the Geography of Production (New York: Methuen, 1984), p. 39.

²See Alan Brinkley, "Writing the History of Contemporary America: Dilemmas and Challenges," Daedalus 113 (Summer 1984), pp. 121-141; William E. Leuchtenburg, "The Pertinence of Political History: Reflections on the Significance of the State in America," The Journal of American History (December 1986), pp. 585-600; Louis Galambos, "Technology, Political Economy, and Professionalization: Central Themes of the Organizational Synthesis," Business History Review 57 (Winter 1983), pp. 471-493; Ellis W. Hawley, "The Discovery and Study of a 'Corporate Liberalism'," Business History Review 52 (Autumn 1978), pp. 309-320; Robert F. Himmelberg, "Government and Business, 1917-1932: The Triumph of 'Corporate Liberalism'?" in Joseph R. Frese, and Jacob Judd, eds., Business and Government: Essays in 20th-Century Cooperation and Confrontation (New York: Sleepy Hollow Press, 1985), pp. 1-23; and Kim McQuaid, "Corporate Liberalism in the American Business Community, 1920-1940," Business History Review 52 (Autumn 1978), pp. 342-368.

³Hawley, "The Discovery and Study of a 'Corporate Liberalism'," pp. 211-213, 3n.

⁴Michael J. Hogan, "Corporatism: A Positive Appraisal," Diplomatic History (1986), pp. 363-364. See Philippe Schmitter, "Still the Century of Corporatism," Review of Politics 36 (January 1974), pp. 85-131. See also R. Jeffrey Lusting, Corporate Liberalism: The Origins of Modern American Political Theory, 1890-1920 (Berkeley: University of California Press, 1982).

⁵See, for example, Ellis W. Hawley, "Herbert Hoover, The Commerce Secretariat, and the Vision of an Associative State," Journal of American History 61 (June 1974), pp. 116-140.

⁶Thomas J. McCormick, "Drift or Mastery? A Corporatist Synthesis for American Diplomatic History," Reviews in American History (December 1982), pp. 318-330.

⁷Hogan, "Corporatism: A Positive Appraisal," p. 364. According to Leo Panitch: "Corporatism as an ideology has a long history. It finds its modern roots in those versions of nineteenth-century social and political thought which reacted against the individualism and competition which characterized the emerging dominance of the capitalist mode of production, and against the industrial and political conflict between classes which was the ineluctable product of this development. Although the varieties of corporatist theory are many, the common premise was that class harmony and organic unity were essential to society and could be secured if the various functional groups, and especially the organizations of capital and labor, were imbued with a conception of mutual rights and obligations somewhat similar to that presumed to have united the medieval estates." (Leo Panitch, "The Development of Corporatism in Liberal Democracies," in Philippe Schmitter and Gerhard Lehmbruch, eds., Trends Towards Corporatist Intermediation (London: Sage Publication, 1979), p. 119.

⁸Galambos, "Technology, Political Economy, and Professionalization," p. 481. See also McQuaid, "Corporate Liberalism in the American Business Community," pp. 342-268; and Robert M. Collins, "Positive Business Responses to the New Deal: The Roots of the Committee for Economic Development, 1933-1942," Business History Review 52 (Autumn 1978), pp. 369-391.

⁹William A. Williams, The Contours of American History (Cleveland: world, 1961); Gabriel Kolko, The Triumph of Conservatism (New York: Free Press, 1964); James Weinstein, The Corporate Ideal in the Liberal State (Boston: Beacon Press, 1968); Ronald Radosh, American Labor and United States Foreign Policy (New York: Random House, 1969).

¹⁰McCormick, "Drift or Mastery? A Corporatist Synthesis for American Diplomatic History," p. 324.

¹¹Barton J. Bernstein, "The New Deal: The Conservative Achievements of Liberal Reform," in Barton J. Bernstein, ed., Towards a New Past: Dissenting Essays in American History (New York: Random House, 1969), pp. 263-264.

¹²Bernstein, "The New Deal: The Conservative Achievements of Liberal Reform," p. 264. For a similar view of the New Deal see Paul K. Conkin, The New Deal (New

York: Thomas Y. Crowell, 1967); Ronald Radosh, "The Myth of the New Deal," in Ronald Radosh and Murray N. Rothbard, eds., A New History of the Leviathan: Essays on the Rise of the American Corporate State (New York: E.P. Dutton, 1972), pp. 156-187; and Howard Zinn, "The Limits of the New Deal," in Howard Zinn, ed., The Politics of the New Deal (Boston: Beacon Press, 1970), pp. 118-136.

¹³A recent group of works have provided a thorough critique of instrumentalist conceptions of the state and proposed an approach that assigns greater importance to the "relative autonomy" of the state. These works include Theda Skocpol, "Political Response to Capitalist Crisis: Neo-Marxist Theories of the State and the Case of the New Deal," Politics and Society 10 2 (1980), pp. 155-201; Margaret Weir and Theda Skocpol, "State Great Depression in Sweden, Britain, and the United States," in Bringing the State Back In (New York: Cambridge University Press, 1985), pp. 107-163; Theda Skocpol and Kenneth Finegold, "State Capacity and Economic Intervention in the Early New Deal," Political Science Quarterly 97, 2 (Summer 1982), pp. 255-278; Fred Block, "The Ruling Class Does not Rule: Notes on the Marxist Theory of the State," in Fred Block, Revising State Theory: Essays in Politics and Postindustrialism (Philadelphia: Temple University Press, 1987), pp. 51-68; Fred Block, "Beyond Relative Autonomy of the State: State Managers as Historical Subjects," in Fred Block, Revising State Theory: Essays in Politics and Postindustrialism (Philadelphia: Temple University Press, 1987), pp. 80-96; Christopher L. Tomlins, The State and the Unions: Labor Relations, Law, and the Organized Labor Movement in America, 1880-1960 (New York: Cambridge University Press, 1985); Jill S. Quadagno, "Welfare Capitalism and the Social Security Act of 1935," American Sociological Review 49 (October 1984), pp. 632-647; and Rhonda F. Levine, Class Struggle and the New Deal: Industrial Labor, Industrial Capital, and the State (Lawrence, Kansas: University Press of Kansas, 1988). Despite their theoretical differences, these works form part of an emerging revisionist interpretation of the historical development of American political economy in the twentieth-century.

¹⁴Radosh and Rothbard, A New History of Leviathan.

¹⁵According to Fred Block, the instrumentalist conception of the state has two major problems: "First, it neglects the ideological role of the state. The state plays a critical role in maintaining the legitimacy of the

social order, and this requires that the state appears to be neutral in the class struggle. In short, even if the state is an instrument of ruling-class purpose, the fact that it must appear otherwise indicates the need for a more complex framework for analyzing state policies. Second, instrumentalism fails to recognize that to act in the general interest of capital, the state must be able to take actions against the particular interests of capitalists. Price controls or restrictions on the export of capital, for example, might be in the general interest of capital in a particular period, even if they temporarily reduced the profits of most capitalists. To carry through such policies, the state must have more autonomy from direct capitalist control than the instrumentalist view would allow." (Block, "The Ruling Class Does Not Rule," p. 53.) For a critique of the corporate liberal instrumentalist view of the New Deal see Skocpol, "Political Response to Capitalist Crisis," pp. 155-169.

¹⁶Fred Block, "Beyond Corporate Liberalism," in Fred Block, Revising State Theory, p. 39.

¹⁷Radosh, The Myth of the New Deal, p. 171.

¹⁸Ronald Radosh, American Labor and United States Foreign Policy (New York: Random House, 1969), p. 25. See also Ronald Radosh, "The Corporate Ideology of American Labor Leaders from Gompers to Hillman," in James Weinstein and David W. Eakins, eds., For a New America (New York: Random House, 1970), pp. 125-152.

¹⁹Radosh, American Labor and United States Foreign Policy, pp. 25-26.

²⁰I will elaborate on these points when I discuss the limitations of the corporate liberalism school as a whole.

²¹Ellis W. Hawley, The Great War and the Search for a Modern Order (New York: St. Martin's Press, 1979); Robert D. Cuff, The War Industries Board: Business-Government Relations During World War I (Baltimore, MD: John Hopkins Press, 1973); Edward Berkowitz and Kim McQuaid, Creating the Welfare State: The Political Economy of Twentieth-Century Reform (New York: Praeger, 1988); Guy Alchon, The Invisible Hand of Planning: Capitalism, Social Science, and the State in the 1920s (Princeton: Princeton University Press, 1985); Robert M. Collins, The Business Response to Keynes, 1929-1964 (New York: Columbia University Press, 1981).

²²Galambos, "Technology, Political Economy, and Professionalization," p. 471. For an introduction to the "organizational approach" see also the essays in Jerry Israel, ed., Building the Organizational Society: Essays on Associational Activities in Modern America (New York: Free Press, 1972).

²³Brinkley, "Writing the History of Contemporary America," p. 132.

²⁴Robert Wiebe, The Search for Order, 1877-1920 (New York: Hill and Wang, 1967).

²⁵Hawley, "The Discovery and Study of a 'Corporate Liberalism'," p. 316.

²⁶Hawley, "The Discovery and Study of a 'Corporate Liberalism'," pp. 311-312, 3n; Larry C. Gerber, "Corporatism in Comparative Perspective: The Impact of World War I on American and British Labor Relations," Business History Review, 62 (Spring 1988), p. 94.

²⁷Ellis W. Hawley, "A Partnership Formed, Dissolved, and in Renegotiation: Business and Government in the Franklin D. Roosevelt Era," in Joseph Frese and Jacob Judd, eds., Business and Government: Essays in 20 Century Cooperation and Confrontation (New York: Sleepy Hollow Press, 1985), pp. 187-193.

²⁸Panitch, "The Development of Corporatism in Liberal Democracies," p. 125.

²⁹Panitch, "The Development of Corporatism in Liberal Democracies," p. 125.

³⁰Brinkley, "Writing the History of Contemporary America," p. 134.

³¹See, for example, John Lewis Gaddis, "The Corporatist Synthesis: A Skeptical View," Diplomatic History (1986), p. 358.

³²Hawley, "The Discovery and Study of a 'Corporate Liberalism'," p. 319.

³³Hawley, "The Discovery and Study of a 'Corporate Liberalism'," p. 318.

³⁴Skocpol, "Political Responses to Capitalist Crisis," pp. 165-169.

³⁵See Block, "The Ruling Class Does Not Rule," pp. 62-68; and "Beyond Relative Autonomy," pp. 87-96.

³⁶Hogan, "Corporatism: A Positive Appraisal," pp. 365-366; Hawley, "The Discovery and Study of a 'Corporate Liberalism'," pp. 318-320.

³⁷Peter Freidlander, "The Origins of the Welfare State: The Keynesian Elite and the Second New Deal," unpublished ms., p. 2.

³⁸For an exception to this interpretation see Ellis W. Hawley, The New Deal and the Problem of Monopoly: A Study in Ambivalence (Princeton: Princeton University Press, 1966).

³⁹The Taylor Society and its members are typically referred to as exponents of corporate liberalism. See for example, McQuaid, "Corporate Liberalism in the Business Community," pp. 346-352; Alchon, The Invisible Hand of Planning, pp. 8-20; and David F. Noble, America by Design: Science, Technology, and the Rise of Corporate Capitalism (New York: Knopf, 1977), pp. 265-287.

⁴⁰Levine, Class Struggle and The New Deal, p. 5.

⁴¹Martin Sklar, The Corporate Reconstruction of American Capitalism (New York: St. Martin's Press, 1988), pp. 13-14.

⁴²The regulation school is not homogeneous. Strictly speaking I refer here to the "Parisian wing" of that school which is associated with the works of Michel Aglietta, A Theory of Capitalist Regulation: The U.S. Experience (London: Verso, 1979); Alain Lipietz, Mirages and Miracles: The Crisis of Global Fordism (London: Verso, 1987); and Robert Boyer, The Regulation School: A Critical Introduction (New York: Columbia University Press, 1990). In addition to the above mentioned authors, my discussion of the regulation school is informed by Bob Jessop, "Regulation Theories in Retrospect and Prospect," Economy and Society vol. 19, no. 2, (May 1990), pp. 153-216.

⁴³Michel DeVroey, Capital and Class 23 (Summer 1984), pp. 46-55.

⁴⁴David Kotz, "A Comparative Analysis of the Theory of Regulation and the Social Structure of Accumulation Theory," Science and Society vol. 54, no. 1, (Spring 1990), p. 10. Kotz's essay, as its title indicates, provides a comparative analysis of the regulation school and another theory which offers an intermediate level analysis of capitalist development: the social structure of accumulation theory (SSAT). According to Kotz, the SSAT was developed by a group of economists in the United States, and it "sought to explain long waves in capital accumulation as a consequence of the successive creation and collapse of a supporting institution structure, the latter referred to as a social structure of accumulation" (p. 5). Two important differences between these two conceptual frameworks are: (1) the SSAT is concerned with the quantitative issue of how institutions affect the rate of accumulation, while the regulation theory is more concerned with the qualitative differences in accumulation; and (2) there is no concept similar to regime of accumulation in the SSAT. For a more elaborate discussion on the differences between the SSAT and the regulation approach see Kotz (pp. 11-17). See also Jessop, "Regulation Theories in Retrospect and Prospect," pp. 181-184. For an introduction to the SSAT see David Gordon, "Stages of Accumulation and Long Economic Cycles," in T. Hopkins and I. Wallerstein, eds., Processes of the World System (Beverly Hills: Sage Publications, 1980), pp. 9-45; David M. Gordon, Richard Edwards, and Michael Reich, Segmented Work, Divided Workers (Cambridge: Cambridge University Press, 1982); Samuel Bowles, David M. Gordon, and Thomas E. Weisskopf, "Power and Profits: The Social Structure of Accumulation and the Profitability of the Postwar U.S. Economy," Review of Radical Political Economics, vol. 18, no. 1 & 2, (Spring and Summer 1986), pp. 132-167.

⁴⁵Allen Scott, and Michael Storper, Production, Work, Territory: The Geographical Anatomy of Industrial Capitalism (Winchester, MA: Allen & Unwin, 1986), p. 10.

⁴⁶Bob Jessop, "Regulation Theory, Post-Fordism and the State," Capital and Class 34 (Spring 1988), p. 151. According to Jessop: "There is no global subject to plan accumulation strategies, regulatory mechanisms, or hegemonic projects and to guarantee their successful implementation. Instead we find only different subjects whose activities meet more or less resistance from other forces, and whose strategies are pursued within a structural context which is both constraining and

facilitating." (Jessop, "Regulation Theories in Retrospect and Prospect," p. 196.)

⁴⁷For an overview of Althusserian structuralism see Ted Benton, The Rise and Fall of Structural Marxism (New York: St. Martin Press, 1984). For a discussion on the relationship between the French regulationists and Althusserianism see Jessop, "Regulation Theories in Retrospect and Prospect," pp. 169-174.

⁴⁸Alain Lipietz, The Enchanted World (London: Verso, 1983), p. xvi.

⁴⁹Jessop, "Regulation Theories in Retrospect and in Prospect," p. 171.

⁵⁰Michel Aglietta, Regulation et crisis du capitalisme (Paris: Calmann-Levy, 1982), foreword to the second French edition; cited in Boyer, The Regulation School, p. 117.

⁵¹Jessop, "Regulation Theories in Retrospect and Prospect," p. 171.

⁵²Lipietz, Mirages and Miracles, p. 14; Jessop, "Regulation Theories in Retrospect and Prospect," p. 174.

⁵³Kotz, "A Comparative Analysis of Regulation Theory and the Social Structure of Accumulation Theory," p. 11.

⁵⁴Kotz, "A Comparative Analysis of Regulation Theory and the Social Structure of Accumulation Theory," p. 11.

⁵⁵Lipietz, Mirages and Miracles, pp. 12-15.

⁵⁶Jessop, "Regulation Theory, Post-Fordism and the State," pp. 150-151.

⁵⁷Alain Lipietz, "Redeployment et espace economique," Travaux et recherches de prospectives, no. 85 (September 1982); cited in Boyer, The Regulation School, p. 121.

⁵⁸Lipietz, Mirages and Miracles, p. 16.

⁵⁹See Robert Boyer, "Technical Change and Regulation Theory," CEREMAP, no. 8707, (March 1987), pp. 21-25.

⁶⁰Kotz, "A Comparative Analysis of Regulation Theory and the Social Structure of Accumulation Theory," p. 13.

⁶¹Alain Lipietz, "New Tendencies in the International Division of Labor: Regimes of Accumulation and Modes of Regulation," in Allen J. Scott and Michael Storer, eds., Production, Work, Territory, p. 26; Lipietz, Mirages and Miracles, p. 34.

⁶²Lipietz, "New Tendencies in the International Division of Labor," p. 26. For Gramsci's discussion of Fordism see "Americanism and Fordism," in Antonio Gramsci, Selections From the Prison Notebooks (New York: International Publishers, 1971).

⁶³Boyer, The Regulation School, p. ix.

⁶⁴Boyer, The Regulation School, pp. ix-xxii.

⁶⁵Lipietz, "New Tendencies in the International Division of Labor," p. 26. In this dissertation I use the notion of "Keynesian" mode of regulation instead of monopolistic mode of regulation. See Chapter I.

⁶⁶Alain Lipietz, "Behind the Crisis: The Exhaustion of a Regime of Accumulation. A 'regulation' school perspective on some French empirical works," Review of Radical Political Economics, vol. 18, no. 1&2 (Spring and Summer 1986), p. 18.

⁶⁷Lipietz, "New Tendencies in the International Division of Labor," p. 26.

⁶⁸Jessop, "Regulation Theories in Retrospect and Prospect," p. 205; Kotz, "A Comparative Analysis of Regulation Theory and the Social Structure of Accumulation Theory," p. 6.

⁶⁹For a critique of regulation theory--although from different perspectives--see Julie Graham, "Fordism/Post-Fordism, Marxism/Post-Marxism: The Second Cultural Divide?" Paper presented at the international conference on Marxism Now, Amherst, Massachusetts, Nov. 30-Dec. 2, 1989; Simon Clark, "Overaccumulation, class struggle and the regulation approach," Capital and Class 38 (1988), pp. 59-92; Werner Bonefeld, "Reformulation of State Theory," Capital and Class 33 (1987), pp. 96-127; J.B. Foster, "The Fetish of Fordism," Monthly Review (March 1988), pp. 13-33; J. Holloway, "The Great Bera, Post-Fordism and class struggle: A Comment on Bonefeld and Jessop," Capital and Class 36 (1988), pp. 93-104.

⁷⁰Boyer, The Regulation School, p. 98.

⁷¹Boyer, The Regulation School, pp. 98, 87.

CHAPTER III

READING TAYLORISM POLITICALLY

Introduction

This chapter discusses the relationship between Taylorism and the Taylor Society. The Taylor Society--originally called "the Society for the Promotion of the Science of Management"--was founded by the followers of Frederick Winslow Taylor as an organized expression of the scientific management movement. For such reason it seems only appropriate that any discussion of the Taylor Society begin with an examination of the nature and historical significance of scientific management, or Taylorism, in the strict sense of the term. As Peter F. Meiksins points out, both Taylor and Taylorism have been the objects of considerable scholarly attention in recent years: "As part of a broad re-examination of the history of the American working class, the character of the capitalist labor process and the evolution of corporate structure, social scientists from a variety of disciplines have, of necessity, been led to re-examine the nature of Taylorism as well."¹ Most of the contributors to this discussion, however, tend to focus exclusively on the relationship between Taylorism and the labor process. In doing so,

these scholars, for the most part, have missed the broader ideological and political implications of Taylorism. My discussion in this chapter takes a different approach. Although the chapter examines the emergence of scientific management and re-examines the debate on Taylorism and the labor process, my focus is on the ideological and political implications of Taylorism, not on the success or failure of scientific management as a form of capitalist control of the labor process. In particular, my concern here is with how the Taylor Society "read" Taylorism and how this "reading" enabled it to go beyond the labor process and the factory.

Taylor and Taylorism

As David Montgomery points out, beginning in the 1880s and gaining strength during the first two decades of the twentieth century both capitalists and managers in the United States were engaged in a monumental effort to reorganize the labor process of their factories. The main objective of this campaign was to obtain a more systematic and direct control of factory production. At the forefront of this campaign was the movement known as scientific management. The basic elements of scientific management, according to Montgomery, were: (1) centralized planning of production, (2) systematic analysis of the labor process, (3) detailed instruction and supervision of each worker,

and (4) incentive wage payments. Each of these points, Montgomery adds, "undermined the traditional autonomy of the craftsmen," and clashed with the growing power of trade unions.² In Montgomery's words, "[t]he historical role of the scientific management movement was to explain, guide, and justify the changes in the hierarchy of human relations in the workplace that accompanied the turn-of-the-century transformation of American industry."³

Scientific Management or "Taylorism" emerged at the end of the nineteenth century--a period marked by strikes, violence and other element of widespread industrial unrest-- as a response to labor unrest and to workers' control of production. It was a managerial strategy that specifically aimed to abolishing the power which a certain group of workers--the autonomous craftsmen--exercised in directing the process of production.⁴ The "father" and most prominent figure of the scientific management movement was Frederick W. Taylor, a mechanical engineer from a well-to-do Philadelphia family.⁵ According to Judith Merkle, what gave Taylor the title of "Father of Scientific Management":

was not his invention of all the techniques of Scientific Management. Taylor's work introduced a complex of technical, organizational, and ideological elements which can be traced to specific currents of thought in his time, and which proved to have differential decay rates during the years that followed his death. The synthesis of ideas that he put forward was the original development. It is this synthesis rather than the ideas alone that has been acknowledged as the identifiable body of Taylorism. This new type of linkage between pre-

existing ideas account for the unique social reaction to Taylorism, not aroused by its neglected and forgotten predecessors. Other innovators had offered partial answers, but only Taylor's synthesis answered simultaneously problems of production and organization, at the same time that it responded with solutions to the industrial disruption in American society.⁶

Hugh Aitken also emphasizes that Taylorism was a creative synthesis of pre-existing ideas. Taylor, Aitken states, first became known as a member of the post-Civil War shop management movement which included plant managers such as Slater Lewis, A. Hamilton Church, Frederick A. Halsey, and Henry R. Towne. This movement was concerned with problems of productivity at the shop level, and shared a particular interest in incentive wage payments as a means of increasing productivity. What made Taylor different from his contemporaries and predecessors, according to Aitken, was not that he adopted a radically new approach:

rather it was that, accepting many of their assumptions, he carried them to their logical conclusions and embodied the results in an allegedly complete system of management that was more inclusive, more self-contained, and more powerful in its practical implications than their proposals and devices. Taylor's system was also much more suitable to serve as the nucleus of a dedicated movement than were the tentative, pragmatic suggestions of other students of the problem.... This is one reason why Taylorism or, as it was later called, scientific management, still evokes recognition and emotional response, while only specialists know the work of men like Hasley and Slater Lewis.⁷

Taylor himself, it should be noted, recognized that scientific management was a creative synthesis of pre-existing ideas: "Scientific Management does not necessarily

involve any great invention, nor the discovery of new or startling facts. It does, however, involve a certain *combination* of elements which have not existed in the past, namely, old knowledge so collected, analyzed, grouped, and classified into laws and rules that it constitutes a science."⁸

The development of Taylor's ideas on scientific management was directly linked to his practical experiences at the shop floor. Taylor was, after all, a product of the "shop culture" tradition which, according to Daniel Nelson, "had supplied the bulk of American mechanics and engineers during the preceding half century." As Nelson points out, in the 1870s most manufacturers, machinery designers, and engineers still obtained their training on the job. Even though college-trained engineers were on the rise and the apprenticeship system was in decline, "it was still not unusual for a potential executive to spend his early career in the shop, to learn the business 'from the ground up'." As a group the men who were a product of the shop culture were "hard-headed, practical, and pragmatic," they "often disdained theory and questioned the value of formal education."⁹ Taylor was one of these "practical" men. And as such he spent his early career in the shop learning the "science" of management "from the ground up."

One of Taylor's most important practical experiences came at the Midvale Steel Company. In 1878, after having

completed an apprenticeship as a machinist and pattern-maker in a small shop in Philadelphia, Taylor took a job as a laborer at Midvale. Within six years he had become chief engineer of that plant.¹⁰ During this period Taylor laid the foundations of scientific management. In particular, there was as a key episode which Taylor would later associate with the beginning of scientific management. As a worker at the machine shop of Midvale, Taylor had participated along with his coworkers in "soldiering"--the deliberate restriction of output. Shortly after becoming assistant foreman, however, Taylor began a systematic effort to break-up soldiering by increasing the pace of work:

As soon as I became gang boss the men who were working under me and who, of course, I knew were onto the whole game of soldiering or deliberately restricting output, came to me at once and said, "Now Fred, you are not going to be a damn piecework hog, are you?" I said, "If you fellows mean you are afraid I am going to try to get a larger output from these lathes," I said, "Yes; I do propose to get more work out." I said, "You must remember I have been square with you fellows up to now and worked with you. I have not broken a single rate. I have been on your side of the fence. But now I have accepted a job under the management of this company and I am on the other side of the fence, and I will tell you frankly that I am going to try to get a bigger output from these lathes." They answered, "then, you are going to be a damned hog."¹¹

Taylor's effort led to a bitter conflict with the workers of that plant in which, as he puts it, "I was doing everything in my power to increase the output of the shop, while the men were absolutely determined that the output

should not be increased." The conflict at Midvale, according to Taylor's own testimony, "lasted for nearly three years...."¹²

The experience at Midvale convinced Taylor that soldiering had become a major obstacle to the process of capital accumulation. Taylor identified two types of soldiering. The first was natural soldiering--which was due to "the natural instinct and tendency of men to take it easy." The second was systematic soldiering--which involved a deliberate and conscious effort by the workers.¹³ Of the two forms of soldiering, Taylor was fundamentally concerned with the second:

The natural laziness of men is serious, but by far the greatest evil from which both workmen and employers are suffering is the systematic soldiering which is almost universal under all of the ordinary schemes of management and which results from a careful study on the part of the workmen of what will promote their best interests....

The greater part of the systematic soldiering...is done by the men with the deliberate object of keeping their employers ignorant of how fast work can be done. So universal is soldiering for this purpose that hardly a competent workman can be found in a large establishment, whether he works by the day or on piece work, contract work, or under any of the ordinary systems, who does not devote a considerable part of his time to studying just how slow he can work and still convince his employer that he is going at a good pace.¹⁴

According to Taylor, what enabled workers to engage so effectively in systematic soldiering--and hence resist management's attempts to intensify the pace of work--was

that they possessed a superior mastery and knowledge of the labor process than management:

This mass of rule-of-thumb or traditional knowledge may be said to be the principal asset or possession of every tradesmen. Now, in the best of the ordinary types of management, the managers recognize frankly the fact that the 500 or 1000 workmen, included in the twenty or thirty trades, who are under them, possess this mass of traditional knowledge, a large part of which is not in the possession of the management. The management, of course, includes foremen and superintendents, who themselves have been in most cases first-class workers at their trades. And yet these foremen and superintendents know, better than anyone else, that their own knowledge and personal skill falls far short of the combined knowledge and dexterity of all the workmen under them.¹⁵

This "mass of traditional knowledge," Taylor concluded, amounted to nothing less than workers' control of production. Knowledge is power. And in this case, power was in the hands of the skilled workers who controlled the labor process through their craft secrets and traditions. Management, on the other hand, was totally dependent on the workers' "initiative" in the work process. As Taylor put it, "the underlying philosophy of all of the old systems of management in common use makes it imperative that each workman shall be left with the final responsibility for doing his job practically as he thinks best, with comparatively little help and advice from the management."¹⁶

As long as workers controlled the labor process, their practices would hinder management's attempts to increase both productivity and the intensity of the pace of work.¹⁷

The solution to this situation, Taylor argued, was to put the control of the labor process in the hands of management, "where it belongs." Since workers' power in the workshop was based on their superior knowledge of the labor process, Taylor sought to expropriate the skilled workers' traditional knowledge of the work process. Thus, the guiding principle of scientific management, in Taylor's own words, was "the deliberate gathering in on the part of those on management's side of all the great mass of traditional knowledge, which in the past has been in the heads of the workmen, and in the physical skill and knack of the workman, which he has acquired through years of experience."¹⁸ By expropriating workers' "principal possession" Taylor hoped to reverse the relationship between knowledge and power in favor of capital. Having gathered into their possession workers' traditional knowledge, management could then proceed to the systematic reorganization of the labor process in such a way as to ensure that they would dictate what was done and how it was done, while workers "[did] what they are told to do promptly and without asking questions or making suggestions."¹⁹

Taylorism, then, as Mike Davis indicates, was not about efficiency; it was about power.²⁰ Its primary goal was not merely to make workers more "efficient;" it was to achieve complete control of the labor process. As Aitken

argues, all of Taylor's contributions to shop management--including not only time and motion studies and the planned scheduling and routing of work in progress, but also the use of uniform belting and high-speed cutting tools--were designed "to achieve control of the job and its performance and, in particular, to enable management to prescribe and enforce a standard work pace."²¹ In short, Taylorism sought to "liberate" the labor process from the forces that held it hostage: workers' control of production. Put differently, it attempted to open a new space for the accumulation of capital and for the development of standardized mass production by creating a new type of worker: the semi-skilled operative. As Antonio Gramsci pointed out in the thirties referring to Taylorism, "the American phenomenon...is...the biggest collective effort to date to create with unprecedented speed and consciousness of purpose unmatched in history a new type of worker and man."²²

Re-examining Taylorism

The success or failure of Taylor's efforts has been the subject of considerable scholarly debate in recent years. Most of the scholars who have contributed to this discussion on the historical significance of Taylorism have focused primarily on the relationship between scientific management and the capitalist labor process. The most

influential of these contributions is Harry Braverman's Monopoly and Labor Capital, which argues that Taylorism was the capitalist strategy to ensure capitalist control over the labor process in the late nineteenth-century factory and that its widespread use during the twentieth-century has been crucial to the degradation of work.²³ According to Braverman, the capitalist labor process is characterized by tendencies towards the de-skilling and degradation of work and by a continuous capitalist effort to seize control over production from relatively "skilled" and "autonomous" workers. The essence of capitalist control of production is the separation of mental and manual labor, that is the separation of conception and execution. Through this process capital reduces workers to "general purpose machines" or "abstract labor" and removes the "subjective factor of the labor process...to a place among its inanimate objective factors."²⁴

What Braverman is describing here is the process Marx called the transition from the formal to the real subordination of labor to capital. The formal subordination of labor arises with the private legal and economic ownership of the means of production, the private appropriation of social production, and the commodification of labor power. Labor was formally subordinated to capital in both the putting-out system and the early factory. The key here is that although workers had been gathered under

"the watchful eye of the capitalist" or his foreman, they remained in control of the labor process. The real subordination of labor, on the other hand, takes place within the labor process itself and requires a fundamental reorganization of the work process. Labor becomes really subordinate to capital when the capitalist can control what the worker does while engaged in the labor process. The transition from formal to real subordination is measured by the progress of de-skilling, routinization, and standardization of tasks. The end result of this process is the creation of "abstract labor."²⁵

For Braverman, the self-conscious expression of this process is found in the principles of scientific management:

Modern management came into being on the basis of these principles. It arose as theoretical construct and as systematic practice, moreover, in the very period during which the transformation of labor from processes based on skill to processes based upon science was attaining its most rapid tempo. Its role was to render conscious and systematic, the formerly unconscious tendency of capitalist production. It was to ensure that as craft declined, the worker would sink to the level of general undifferentiated labor power, adaptable to a large range of simple tasks, while as science grew, it would be concentrated in the hands of management.²⁶

Taylorism, thus, is not merely a set of organizational principles: it represents "nothing less than the explicit rationalization of the capitalist mode of production." It expresses the logic of capitalist accumulation which

inexorably drives management towards complete control of the labor process. In other words, from Braverman's perspective, capital has no other choice but to extend the process of real subordination of labor as far as its power will permit. Taylorism represents the essential expression of this process; it is the strategy that will ensure capital's objectives.²⁷

A central problem with Braverman, as Michael Burawoy points out, is that he develops a unilateral analysis that only takes into consideration the "objective" (economic) aspects of the labor process, and ignores the "subjective" dimensions of work. In doing so, Braverman fails to expand our understanding of production beyond its purely economic moment by explicitly including the political and ideological moments of work. As Burawoy puts it:

Not only can one not ignore the 'subjective' dimension, but the very distinction between 'objective' and 'subjective' is arbitrary. Any work context involves an economic dimension (production of things), a political dimension (production of social relations), and an ideological dimension (production of an experience of those relations). These three dimensions are inseparable...²⁸

The process of production, then, must be seen as an inseparable combination of its economic, political and ideological aspects. And this is precisely what Braverman fails to recognize.

Braverman's analysis, Burawoy argues, leads him to reduce workers' resistance to Taylorism to "an essentially

derivative role, an impotent expression of their helpless subordination to capital." In doing so, he fails to see that class struggle "is not merely derivative but is also determinative of capitalism's development."²⁹ In short, Braverman's conceptualization entails a treatment of the working class as an object of capital, an object rendered ineffectual by the development of capitalism. In Burawoy's words:

Braverman's analysis is exclusively from the side of the object. This is no oversight; Braverman repeatedly stresses the mechanisms through which subjectivity is destroyed or rendered ineffectual and through which individuals lose their individuality. In this he follows a powerful tradition within Marxism, most clearly represented by George Lukacs in History and Class Consciousness. Like Lukacs, Braverman presents capitalism as a process of becoming, of realizing its inner essence, of moving according to its imminent tendencies, of encompassing the totality, of subordinating all to itself, and of destroying all resistance. Unlike Lukacs, however, Braverman does not call upon the miraculous appearance of a messianic subject--the revolutionary proletariat--which, through the agency of the party, would conquer history and turn capitalism on its head....³⁰

For Braverman, then, capitalism is an "expressive totality" which moves as an irresistible force towards the subordination of society to capital. In the process, it destroys, absorbs, or makes ineffective any source of resistance.³¹

According to Burawoy, there is no doubt that Taylorism gathered together knowledge about tasks and decided "the best way" to perform them. For him, however, it is by no

means clear that this constituted a monopoly of knowledge over the labor process (after all, he states, Taylor obtained his knowledge of the labor process as a worker); nor is it clear that these new rulings could be enforced. Missing from Braverman's assessment of Taylorism are the workers' responses to this process. "It is one thing for management to appropriate knowledge; it is another thing to monopolize it," Burawoy points out. Under Taylorism, Burawoy argues, instead of a separation of conception and execution, what we find is a separation of workers' conception and management's conception, of workers' knowledge and management's knowledge. The attempts to put Taylorism in practice led workers to recreate the unity of conception and execution, but in opposition to management's designs. Workers used their creativity to outwit the agents of scientific management before, during and after the "appropriation of knowledge." Consequently, in any shop there are "official" or "management approved" ways of performing tasks and there is the workers' way, which is devised and revised in response to any management offensive. Not only has management failed to appropriate from the workers their "trade secrets", it is not necessarily to their advantage to do so. "Shop management," Burawoy indicates, "usually knows this."³²

In Burawoy's view, Taylorism was a failure as a practical mechanism of capitalist control:

Unlike changes in the division of labour and the scientific-technical revolution, Taylorism, defined by the specification of task performance, cannot be identified with the separation of conception and execution. What then is its relationship to capitalist control? It has been resisted by trade unions the world over and has promoted struggles by organizing labour and capital into hostile camps. On a day-to-day basis workers attempt to sabotage Taylorism, while at a broader level unions join in struggles to defend 'output' clauses in rules. Thus, scientific management may have undermined capitalist control over the obscuring of surplus and of the relations of exploitation between capital and labour. With respect to the securing of surplus there can be no definitive answer. Insofar as Taylorism fostered antagonism between capital and labour, the coordination of interests became less feasible and the reliance on coercive measures more necessary.³³

For Burawoy the significance of Taylorism lies precisely in its failure to enhance capitalist control over the labor process. This failure, in his view, created the conditions for the emergence of a new type of labor process characterized by "the scientific-technical revolution."³⁴

Richard Edwards and Daniel Nelson also question the practical impact of scientific management. According to Edwards, the significance of Taylorism was that it offered a solution "to the crisis of control in the firm." But, he contends, "if we look at Taylorism as a management practice rather than as an idea, the promise was never fulfilled." One reason for this was that "the system was complicated, and employers often grew impatient long before the final elements were ready to be installed." More importantly Edwards argues, Taylorism failed because most large firms

did not even give it a try: "The extent and incidence of scientific management has always been something of a mystery, but the available information suggests that Taylorism was confined to smaller nonunionized enterprises. In any event, the new industrial giants--U.S. Steel, International Harvester, and the others--showed little interest in it."³⁵ In the final analysis, however, Taylorism "failed to solve the crisis of control in the firm because workers fought it to a standstill." This was especially true, Edwards points out, after the Watertown Arsenal strike, which galvanized organized labor's opposition to Taylorism and "ended the possibilities for a scientific management solution to the firm's crisis of control."³⁶

Daniel Nelson, moreover, questions the impact of Taylorism on the "labor problem":

Despite Taylor's apparent preoccupation with the worker, scientific management had little direct effect on the character of factory work or the lot of the worker. Taylor's labor "reforms" were introduced in toto in only a handful of firms. And even in piecemeal form they had far less impact than his technical and organizational innovations. Taylor's claims and reputation notwithstanding, a different and often antagonistic group of labor reformers revolutionized the worker's role in the twentieth-century factory.³⁷

Rather than a "partial solution of the labor problem," Nelson contends, Taylorism was a response to the problems of factory coordination. It was a refinement and extension of the earlier ideas known as systematic management.³⁸ In

Nelson's view, the long-standing association of Taylorism with "a partial solution of the labor problem" stemmed from Taylor's efforts to link "his reform of the factory system, a subject of modest appeal, with the elimination of the labor problem." Taylor's enduring fame, Nelson states, "is in large measure a testament to his success in that endeavor."³⁹

Although Nelson offers compelling evidence that scientific management was not as widespread as Taylor and others would have us believe, his analysis underestimates the impact of Taylorism on the worker and on the reorganization of the labor process. The fact that Taylorism was not applied *in toto* in most industrial establishments should not lead us to understand that key aspects of Taylorism, such as the stop watch and incentive wage payment schemes, had no impact at all. Furthermore, in arguing that Taylorism was a response to a problem of "factory coordination," Nelson assumes that scientific management was merely a "technical problem" instead of an inherently political problem rooted in the control of the labor process. Thus, where there is a problem of "politics of production" Nelson only sees "technical matters." Finally, by claiming that "another group of labor reformers [welfare capitalists] revolutionized the workers' role", Nelson completely disregards the role

played by the Taylorites and the Taylor Society in the area of industrial relations during the interwar period.

In conclusion, the debate on Taylorism reopened by Braverman has focused, almost exclusively, on the labor process. Despite their differences, most scholars who have participated in this debate have conceived Taylorism merely as a form of labor control. The central concern in this discussion has been the question of how successful and widespread was Taylorism in practice. By focusing on this question, these authors, for the most part, have failed to examine the broader ideological and political implications of Taylorism. Moreover, because of their narrow concern with the practical applications of Taylorism, they have also failed to appreciate the relationship between theory and practice in the case of Taylorism. As Charles Maier points out:

Theories of management are to the practice of business as theories of architecture are to buildings. Few buildings follow the canons of design announced by leading architects, even if they incorporate individual elements. Still, architectural manifestoes are crucial for orienting the profession to what might be their solution if clients, money, and site constraints allowed. So, too, few industrial plants incorporate the doctrines of management experts as coherent ensembles. Few factories were organized as Taylorite institutions, even, in the United States. Nonetheless, Taylorism or scientific management dominated the discourse of industrial relations through the 1920s....⁴⁰

Taylorism and the Taylor Society

The significance of Taylorism, then, (as far as this study is concerned) lies not in its actual factory applications, but rather in its political and ideological appeal during the interwar period. It is the social and political implications of Taylorism and not its not narrow technical features which merit our attention.⁴¹

This perspective allows us to explore the relationship between Taylorism and the Taylor Society. How did the Taylor Society "read" Taylorism? How did this "reading" enable it to go beyond the labor process and the factory? For the Taylor Society, first of all, Taylorism was an ideology that promised an end to class conflict and social division. According to this view, Taylorism would eradicate class conflict by providing simultaneously higher wages to workers and higher profits to owners. These benefits, in turn, would be the product of a general increase in productivity made possible by a more "efficient" workplace and by the cooperation between labor and capital. This view was best articulated by Taylor in his testimony before the House of Representatives in 1912, where he stated that scientific management was not merely piece work, time studies, incentive wages, or any other "group of efficiency devices." The essence of scientific management, as Taylor put it, was "a complete mental

revolution" which involved a reconciliation between labor and capital:

The great revolution that takes place in the mental attitude of the two parties under scientific management is that both take their eyes off the division of the surplus as the all-important matter, and together turn their attention toward increasing the size of the surplus until this surplus becomes so large that it is unnecessary to quarrel over how it shall be divided. They come to see that when they stop pulling against each other, and instead both turn and push shoulder to shoulder in the same direction, the size of the surplus created by their joint efforts is truly astounding. They both realize that when they substitute friendly cooperation and mutual helpfulness for antagonism and strife they are able to make this surplus so enormously greater than what it was in the past that there is ample room for a large increase in wages for the workman and an equally great increase in profits for the manufacturer.⁴²

During the 1920s the Taylor Society, or more properly the progressive wing of the Taylor Society, took Taylor's conception of scientific management as "a mental revolution" a step further. According to Robert Bruère, a leading member of the Taylor Society, the success of Taylor's methods in the workshop led him to limit his vision of "the great revolution in mental attitude" to industrial production. Taylor's methods were so successful in creating a large surplus in individual plants and his doctrine of high wages and low labor costs was so effective in improving industrial relations in these plants, "that he tended to see in high wages, high profits, and a fair price to the consumer the complete solution to all of the problems of industrial relations." Taylor's vision of the

problem of industrial relations, thus, did not go beyond the factory. As Bruère states, it "came to be enclosed by the walls of the workshop." Consequently, Taylor lost sight of the larger social significance of his own doctrine.⁴³

For Bruère, "the mental revolution" envisioned by Taylor must go beyond the factory; it must embrace distribution, consumption and all other areas of social life:

The revolution in mental attitude which Taylor advocated cannot be socially effective until the entire community is secure not only in its ability to create a surplus, but also in the equitable distribution of the surplus when created. For the conquest of surplus is not the end but the beginning of civilization. It is the function of industry as society's main instrument in the struggle for existence to create surplus; it is the function of government and our cultural institutions to provide for such a distribution of the surplus as will raise the general standard of living and improve the quality of the race. The mental revolution must be carried beyond the individual plant, beyond the total industrial organization, until it embraces the mind of the entire community....⁴⁴

Although Taylor was concerned primarily with the creation of a larger surplus (and not with its social distribution), his very approach to creating surplus--based on common understanding and cooperation--entailed a new approach to the problem of distribution and a new view of labor's status in relation to capital, Bruère concludes.⁴⁵ What Bruère enunciates here, in my view, is the outline of a social-democratic perspective.

In this context, it is important to note that as early 1920 Morris Cooke was advocating a program along the same lines as the one outlined by Bruère. In April of that year Cooke wrote a letter to Sidney Hillman, of the Amalgamated Clothing Workers of America, in which he proposed that the labor movement adopt a program based on increasing production through the development of the scientific management of industry. By contributing to this program. Cooke argued, the labor movement could share a larger portion of the surplus produced. As Cooke put it:

Most of us have come to believe that in itself any increase in the production of essential commodities is a desirable social end. All groups and classes of society should actively participate in the cultivation of the arts and sciences leading thereto. If under the present organization of industry we could assume that labor was receiving at least a 'fair share' of the proceeds of any increase in production of course there would be no question as to labor's participation in building up a more efficient industry simply because labor has more to gain than any other element in the community through the betterment in status.⁴⁶

Cooke's proposal basically involved a trade-off in which labor would receive a larger share of the surplus through higher wages in exchange for adopting a program based on expanding production and accepting the "technical" expertise of scientific managers in the workshop. As such, this program of labor-management collaboration for increased production anticipated important elements of the post-World War II capital-labor accord.

By 1926 Cooke expressed satisfaction with the progress achieved by the Amalgamated Clothing Workers' program of union-management cooperation to expand production:

I believe that Sidney Hillman and the Amalgamated Workers have been another large element in winning over labor to production...The Amalgamated has not only almost completely organized its industry but it has secured markedly higher wages, unemployment insurance and the right to sit in on the discussions of practically every problem that affects the business. Then I think they have made the demonstration that labor has a very real contribution to make to policy.⁴⁷

However, Cooke warned, if this progress was to be maintained workers had to organize and their organizations had to collaborate with scientific management. As Cooke put it to Harlow S. Person, managing director of the Taylor Society, in letter written in January 1929:

The big thing that is going on in the United States is the increase in output due to various causes, but principally to the imagination and better management on part of the workers. If we are going to keep this we need organization on the part of the workers and those organizations need a better picture of what is happening and new techniques by which to protect themselves and at the same time let themselves out.⁴⁸

The role of progressive managers like Cooke and others in the Taylor Society was to provide the "better picture" and the "new techniques," while the role of workers was to cooperate with management in the expansion of production. The outcome from such collaboration would be the distribution of the surplus in the form of higher wages for workers.

For the Taylor Society, thus, Taylorism also involved a strategy for economic growth. The cornerstone of this program was the recognition of productivity as the source of wealth and prosperity. As Taylor put it:

The general material gain which those of the present generation have over past generations has come from the fact that the average man in this generation, with a given expenditure of effort, is producing two times, three times, even four times as much of those things that are of use to man as it was possible for the average man in the past to produce. This increase in productivity is, of course, due to many causes, besides the increase in personal dexterity of the man.... But from whatever cause this increase in productivity has come, it is to the greater productivity of each individual that the whole country owes its greater prosperity.⁴⁹

These changes in productivity, Taylor concluded, directly affected the living conditions of the working people; it provided them a higher standard of living and transformed "the luxuries of one generation" into "the necessities of the next."⁵⁰

The general adoption of scientific management, Taylor contended, would double the productivity of the average worker. This raise in productivity, in turn, would lead to an expansion of both "the necessities and luxuries of life;" it would enhance "the possibility of shortening the hours of labor;" and it would increase the "opportunities for education, culture, and recreation." Moreover, the "great increase in wages" linked to the doubling of productivity would "largely eliminate the wage question as a source of dispute." Finally, by lowering the cost of

production this increase in productivity would enable the companies who adopt scientific management to compete better:

this will so enlarge their markets that their men will have almost constant work even in dull times, and they will earn large profits at all times. This means increase in prosperity and diminution in poverty, not only for their men but for the whole community immediately around them.⁵¹

Thus, as Judith Merkle points out, Taylor clearly related the increase in productivity and wages to an expansion of the market for manufactured goods. In doing so, Taylor prefigured the notion of a mass consumption economy. What he envisioned was to raise productivity to a point where previously deprived sectors of the working class can be incorporated into "the high consumption of mass-produced goods." Put differently, the idea of a mass production/mass consumption economy was already present in Taylor's understanding of productivity as the basis of economic growth.⁵²

The implications of Taylor's economic thought would not go unnoticed by the Taylor Society. Writing in 1929 as past president of the Taylor Society, Morris Cooke characterized Taylor as an important innovator who made a fundamental break with the past:

The America of the late [19th century], the period when Taylor first came on the industrial scene, was gripped in a vicious circle of low wages, low production, low purchasing power and a consequent lack of prosperity. Strikes and other evidences of widespread industrial unrest marked the

period...[Taylor] projected into this drab milieu his program of high wages for the individual as the reward for high production by that individual; and pragmatist that he was, he taught the individual and society how exceptional production could be secured. With vivid applications...he won acceptance for his thesis that the warfare between employer and employee, between the manager and those he directs...is for the most part wanton waste. The commonly accepted doctrines of high reward for high performance, and so of actually lowering costs through paying higher wages, he was the first to propose. And thus there was initiated on a firm technical foundation the typically American policy of the maintenance of purchasing power.⁵³

Cooke, thus, credits Taylor with being the first proponent of the "commonly accepted" doctrine of high wages and low costs, and of providing "a firm technical foundation" for the policy of maintaining the purchasing power of the workers. In doing so, he clearly links Taylor's doctrines to Henry Ford's "high wage policy" and to the underconsumptionist currents (including Keynes) of the interwar period. More importantly, Cooke's assessment leaves no doubt as to the significance of Taylorism (particularly during the Great Depression) as a strategy for economic growth and prosperity.

For the Taylor Society, finally, Taylorism provided both a "philosophy and technique" for social economic planning. As is well known, a key component of scientific management was the establishment of a centralized planning department which was responsible for directing the overall flow of production throughout the workplace. According to Chris Nyland, in Taylor's early work's the Planning

Department had been known as the Rate-Fixing Department. The change in name, Nyland argues, was not just a matter of semantics. It signified the "maturation in Taylor's conception of what was required within the production process that was to give his work so much significance."⁵⁴ Yet, despite its importance for Taylorism, the idea of planning production was not introduced by Taylor. The fact, as a leading Taylorite recognized, was that "managers had always to some degree planned production and Taylor got many elements of his planning and control mechanisms from other shops."⁵⁵ What, then, was the contribution of Taylor to the notion of planning production? According to Harlow S. Person, managing director of the Taylor Society during the 1920s, Taylor's contribution was that:

he integrated mechanisms into an interlocking whole, and the degree to which planning and precise control were developed by him was so great in quantity as to create a new qualitative situation. Planning generally had not been effective because it was based on so many chance factors. Now with the aid of standardization, calculations could be made with a fair degree of certainty. This made possible the planning-room procedures of routing, scheduling and complete and economical utilization of facilities. It was this precise control through planning and preparation which secured the results of increased productivity by eliminating idle times and misapplied efforts, which are the result of many different causes under uncontrolled conditions.⁵⁶

Taylor, thus, created a "new qualitative situation" with respect to planning, one which secured increased productivity by eliminating "waste" in the production process.

Rexford G. Tugwell, who was close to the Taylor Society during the 1920s, recognized the centrality of planning in Taylorism. In a paper titled, "The Principle of Planning and The Institution of Laissez Faire," which was presented to the American Economic Association in 1932, Tugwell stated:

If we have been watching, describing, analyzing industry as we should, we must have known that the greatest economic event of the nineteenth century occurred when Frederick W. Taylor first held a stop watch on the movements of a group of shovelers in the plant of Midvale Steel Company. And we must have understood, when Shop Management was published in 1903 that, perhaps a generation later, the world could be overwhelmed with goods.⁵⁷

For Tugwell, the importance of Taylorism was that it provided a set of planning techniques that would enable capitalism to experience unprecedented expansion of mass production. "If we had eyes to see the implications of Taylor's work we should have known that the vast expansion of production which must follow would clog all the channels of trade, swamp the mechanisms of an artificially limited commerce, and end in a period of violent reconstruction," Tugwell argued. American economists, however, had failed to see the implications of Taylor's work and were thus unprepared to effectively confront the Great Depression. Because of their blindness to Taylorism, Tugwell contended, economists had not yet discovered the sources of "the astonishing capacity for production which seemed suddenly to show itself everywhere in the twenties;" they had no

idea of how production could be "regularized and made available to consumers;" and worst of all, they had no notion of what their policies "ought to be in days of disaster."⁵⁸

If the significance of Taylor's planning techniques was that it enabled the expansion of mass production, its problem, suggested Tugwell, was that it was confined to the workplace. As such, it could overcome the limitations imposed by "the institutions of laissez faire" to the process of production:

...Industry after industry may follow the half-dozen now fairly rationalized; each may use in its own plants the new technology of work-elimination; each may solve its own problems of control and coordination. But it will end again in just such a disaster as we are struggling through now unless we take the final step of linking each to each. Unless we learn the structure and rhythm of laissez faire are inconsistent and anachronistic concomitants of such technology as soon will infuse the industrial process, confusion and disorder will prevail whenever the willful pursuit of business privileges, as we still know them, chokes the smooth interchanging flow logically belonging to the system of industry, but never yet achieved by human management.⁵⁹

The solution to this problem, in Tugwell's view, was to extend Taylor's notion of planning production beyond the factory to the national economy. What was needed was to develop the notion of "national planning"--understood in a technical sense as a "normal extension and development of the kind of planning which is a familiar feature of contemporary business." For Tugwell, finally, the

implications of the development of a "national plan" for the American economy were so profound that: "The setting up of even an emasculated and ineffective central coordinating body in Washington will form a focus about which recognition may gradually gather. It will be an action as significant as the first observation of Taylor; and it can lead eventually to the crowning of that genius' work."⁶⁰

The leadership of the Taylor Society also understood the need for national planning. In a discussion of the Taylor Society, held in the winter of 1930, Harlow S. Person stated, that "[the] operations of industrial society are not yielding substantial good to the greatest number of the industrial citizens...because these operations are not...organized with that end in view." Specifically, this occurred because of the "inconsistency between the basic principle of business enterprise--individual self-interest and intuition--and the basic principle of the production technology which that enterprise, without full appreciation of its influence, has come to use--cooperative integration." The dominance of the former over the latter, Person adds, has left the regulation and coordination of industrial activity to "the chance composite influence of a vast number of enterprises motivated by individual gain in competitive activities, limited in their perception of relationships and the organic consequences of their activities, and on the whole dependent upon intuition for

their decisions as to purpose and method." This situation was the fundamental cause of industrial dislocations, unemployment and halted economic stagnation.⁶¹

Moreover, Person recognized that the attempts of scientific management to stabilize individual enterprises internally had been "frequently nullified by the impact of forces of the industrial environment outside the control of management." The way out of this situation was to extend the Taylorist planning principles to "industrial society" as a whole: "If these were applied to the organization and control of industrial society, conceived as an organic whole, many and perhaps most of the forces which now cause periodic dislocations and distress in industrial life would be eliminated." Thus, for Person, the notion of national planning involved a "greater limitation to individual freedom in business activities than is at present assumed to desirable," and that Taylorist principles developed in individual enterprises be extended "to industry conceived as one vast enterprise in which all members of industrial society are workers and share-holders in common."⁶² By the mid-1930s, Person, Cooke and the other leading figures of the Taylor Society acknowledged that the only force capable of ensuring the goals of national planning was the Federal Government. Consequently, they endorsed the New Deal and through it the establishment of an interventionist state that would seek to stabilize and regulate of capitalism.⁶³

In conclusion, for the Taylor Society, Taylorism was much more than just a "system of labor control." It was simultaneously "a mental revolution"--an ideology of class conciliation and social peace; an economic strategy for economic growth and prosperity; and a "philosophy and technique" for social economic planning.⁶⁴ By focusing on the political and ideological implications of Taylorism, instead of on its more narrow technical features, the Taylor Society was able to transcend the factory and the labor process. It was able to articulate a political discourse that addressed the problem of the macroeconomy and the state. In short, the Taylor Society went from Taylorism to social-Keynesianism (or social-democracy). It went, that is, from factory to society.

ENDNOTES

¹Peter F. Meiksins, "Scientific Management and Class Relations," Theory and Society vol. 13, no. 2 (1984), p. 177.

²David Montgomery, Workers Control In America (New York: Cambridge University Press, 1980), pp. 113-114.

³David Montgomery, The Fall of the House of Labor: The Workplace, the State, and American Labor Activism, 1865-1925 (New York: , 1987), p. 229. Other scholars such as Daniel Nelson and Richard Edwards disagree with Montgomery's assessment of the historical significance of Taylorism. See discussion below.

⁴For a fine discussion on the relationship between workers' control and Taylorism see David Montgomery, Workers' Control in America, chapters 1-5. See also, Mike Davis, "The Stop Watch and the Wooden Shoe: Scientific Management and the Industrial Workers of the World," in James Green, ed., Workers' Struggles, Past and Present (Philadelphia: Temple University Press, 1983). For Taylor's own analysis see Scientific Management (New York: Harper and Row, 1947).

⁵The standard biography of Frederick W. Taylor is Frank B. Copley, Frederick W. Taylor, Father of Scientific Management 2 vols. (New York: Harper and Row, 1923). Other studies of Taylor's life are Daniel Nelson's revisionist account, Frederick W. Taylor and the Rise of Scientific Management (Madison, Wis.: The University of Wisconsin Press, 1980); and Sudhir Kakar's psychohistory, Frederick Taylor: A Study in Personality and Innovation (Cambridge, Mass; 1970).

⁶Judith A. Merkle, Management and Ideology: The Legacy of the International Scientific Management Movement (Berkeley, Cal.: University of California Press, 1980), p. 10.

⁷Hugh Aitken, Scientific Management In Action: Taylorism at Watertown Arsenal, 1908-1915 (Princeton, New Jersey: Princeton University Press, 1985), p. 18.

⁸Frederick W. Taylor, The Principles of Scientific Management, in Frederick W. Taylor, Scientific Management (New York: Harper and Row, 1947), pp. 140-141. This is a single-volume edition comprising Taylor's three principal works, Shop Management (1903); The Principles of Scientific Management (1911); and Taylor's Testimony Before the Special House Committee (1912). Each of the three works in this volume is paged separately. All of my citations from Taylor are from this volume, unless indicated otherwise.

⁹Nelson, Frederick W. Taylor and the Rise of Scientific Management, p. 27.

¹⁰David F. Noble, America By Design (New York: Oxford University Press, 1977), p. 268. As Noble points out, Taylor's rapid rise to chief engineer could be considered "a miraculous accomplishment were it not for the fact that one of the company's owner was a close friend of the Taylor family. (p. 268).

¹¹Taylor, Testimony Before the Special House Committee, pp. 79-80.

¹²Taylor, Testimony Before the Special House Committee, p. 80.

¹³Taylor, Shop Management, p. 30.

¹⁴Taylor, Shop Management, pp. 32-33.

¹⁵Taylor, The Principles of Scientific Management, p. 32.

¹⁶Taylor, The Principles of Scientific Management, p. 25.

¹⁷Benjamin Coriat, El taller y el cronómetro: Ensayo sobre el taylorismo, el fordismo y la producción en masa, (Madrid: Siglo XXI, 1982), p. 36.

¹⁸Frederick W. Taylor, Testimony Before the Special House Committee, p. 40.

¹⁹Frederick W. Taylor, as cited by Milton Nadworny, Scientific Management and the Unions: 1900-1932 (Cambridge, Ma: Harvard University Press, 1955), p. 9.

²⁰Davis, "The Stop Watch and the Wooden Shoe," pp. 85-86.

²¹Aitken, Scientific Management in Action, p. 28.

²²Antonio Gramsci, "Americanism and Fordism," in Prison Notebooks (New York: International Publishers, 1971), p. 302.

²³Harry Braverman, Labor and Monopoly Capital: The Degradation of Work in the Twentieth Century (New York: Monthly Review Press, 1974).

²⁴Braverman, Labor and Monopoly Capital, pp. 180, 181, 171. Two important works clearly influenced by Braverman conceptualization are: Dan Clawson, Bureaucracy and Labor Process: The Transformation of U.S. Industry, 1860-1920 (New York: Monthly Review Press, 1980); and Andrew Zimbalist, ed., Case Studies on the Labor Process (New York: Monthly Review Press, 1979).

²⁵My discussion of Braverman draws upon Andrew Herman, "Conceptualizing Control: Domination and Hegemony in the Capitalist Labor Process," Insurgent Sociologist vol. 11, no. 3 (Fall 1982), pp. 7-22. See also Tony Elger, "Valorization and 'Deskilling': A Critique of Braverman," Capital and Class 7 (Spring 1979), pp. 58-99. For Braverman's appropriation of Marx's concepts see chapters 1 and 2 of Labor and Monopoly Capital.

²⁶Braverman, Labor and Monopoly Capital, pp. 120-121.

²⁷Braverman, Labor and Monopoly Capital, p. 112.

²⁸Burawoy, The Politics of Production (London: Verso, 1985),
p. 39.

²⁹Burawoy, The Politics of Production, pp. 47, 48.

³⁰Burawoy, The Politics of Production, p. 23.

³¹Burawoy, The Politics of Production, pp. 54-63.

³²Burawoy, The Politics of Production, p. 41.

³³Burawoy, The Politics of Production, p. 41.

³⁴Burawoy, The Politics of Production, p. 42.

³⁵Richard Edwards, Contested Terrain: The Transformation of the Workplace in the Twentieth Century (New York: Basic Books, 1979) p. 101. For Edwards' critique of Braverman see also Richard Edwards, "Social Relations of Production at the Point of Production," Insurgent Sociologist vol. 8, no. 2-3 (1978), pp. 109-125.

³⁶Edwards, Contested Terrain, p. 103.

³⁷Nelson, Frederick W. Taylor and the Rise of Scientific Management, p. x.

³⁸Daniel Nelson, "Scientific Management, Systematic Management," Business History Review 48 (Winter 1974), pp. 497-480. See also Daniel Nelson, Managers and Workers: Origins of the New Factory System in the United States, 1880-1920 (Madison, Wis.: The University of Wisconsin Press, 1975), pp. 55-78.

³⁹Nelson, Frederick W. Taylor and the Rise of Scientific Management, p. ix.

⁴⁰Charles Maier, "Society as Factory," in In Search of Stability: Explorations in Historical Political Economy (New York: Cambridge University Press, 1987), p. 20.

⁴¹For an analysis that focuses on the social and political implications of Taylorism see Maier, "Society as Factory," pp. 19-53; and Merkle, Management and Ideology. Also important are Samuel Haber, Efficiency and Uplift: Scientific Management in the Progressive Era, 1890-1920 (Chicago: The University of Chicago Press, 1964), which provides useful insights into the political and ideological implications of Taylorism during the Progressive era; and David F. Noble, America By Design: Science, Technology, and the Rise of Corporate Capitalism (New York: Oxford University Press, 1977), which discusses the emergence of a "revisionist" wing within the scientific management movement and explores the significance of Taylorism as a "technology of social production."

⁴²Taylor, Testimony Before the Special House Committee,
pp. 27-30.

⁴³Robert Bruère, "Industrial Relations," in Harlow S. Person, ed., Scientific Management in America (New York: Harper and Brothers, 1929), pp. 456-457. In addition to being a leading member of the Taylor Society, Bruère was also Secretary of Industrial Relations for J.C. Penney Foundation and Associate Editor of The Survey.

⁴⁴Bruère, "Industrial Relations," p. 457.

⁴⁵Bruère, "Industrial Relations," p. 457. For an elaboration of Bruère views on labor see Robert Bruère, "New Relationship Between Labor and Capital?," The Survey (March 15, 1929); Bruère, "The Great Obsession," Bulletin of the Taylor Society (BTS) 10 (October 1925), pp. 220-224.

⁴⁶Morris Cooke to Sidney Hillman, April 15, 1920, Morris Cooke Papers, Franklin D. Roosevelt Presidential Library, Hyde Park, N. Y., box 9, folder 4 [hereafter cited as Cooke Papers]. Cooke wrote the same letter to A. J. Muste (see Cooke Papers, box 25, file 286) and probably to other labor leaders as well.

⁴⁷Morris Cooke to Harlow S. Person, September 21, 1926, Cooke Papers, box 61, July-December 1926 folder.

⁴⁸Cooke to Person, January 21, 1929, Cooke Papers, box 63, January-March 1929 folder.

⁴⁹Taylor, The Principles of Scientific Management, p. 141.

⁵⁰Taylor, Testimony Before the Special House Committee,
p. 18.

⁵¹Taylor, The Principles of Scientific Management, pp. 142-
143.

⁵²Merkle, Management and Ideology, p. 2; Coriat, El taller y el cronómetro, p. 34.

⁵³Morris Cooke, "Preface," in Scientific Management in American Industry, p. xviii. This book, which was a Taylor Society project designed during the incumbency of Cooke as president of that Society, provides an overview of the Taylorites' perspective during the 1920s.

⁵⁴Chris Nyland, "Scientific Management and Planning," Capital and Class 33 (Winter 1987), p. 60. My analysis of the centrality of planning in Taylorism is informed by Nyland's article.

⁵⁵Harlow S. Person, "The Origin and Nature of Scientific Management," in Scientific Management in American Industry, p. 5.

⁵⁶Person, "The Origin and Nature of Scientific Management,"
p. 5.

⁵⁷Rexford G. Tugwell, "The Principle of Planning and The Institution of Laissez Faire," American Economic Review Supplement vol. 22, no. 1 (1932), p. 86. For Tugwell's assessment of scientific management and the Taylor Society see Industry's Coming of Age (New York: Harcourt, Brace and Co., 1927), pp. 120-128. Cooke's view of Tugwell is summarized in a letter to Prof. W. D. Ennis of the Stevens Institute of Technology: "While I realize he [Tugwell] doesn't have the standing among economist that is given to such men as Wesley Mitchell, Ogburn and Keynes, those who know him say that he is pretty sound in his peering into the future. Almost more than any economist I know he understands scientific management." (Cooke to W. D. Ennis, September 29, 1933, Cooke Papers, box 66.)

⁵⁸Tugwell, "The Principle of Planning and The Institution of Laissez Faire," pp. 86-87.

⁵⁹Tugwell, "The Principle of Planning and The Institution of Laissez Faire," p. 87-88.

⁶⁰Tugwell, "The Principle of Planning and The Institution of Laissez Faire," pp. 76, 88.

⁶¹Harlow Person, "The New Challenge to Scientific Management: Can the Principles of Planning and Control Be Applied Over a Wider Area than the Individual Plant?," Propositions presented for discussion at a meeting of the Taylor Society, New York, December 5, 1930 in BTS 16 (April 1931), pp. 62-63. For a summary of this discussion see George Soule, A Planned Society (New York: Macmillan, 1932), pp. 149-150.

⁶²Person, "The New Challenge to Scientific Management," BTS 16 (April 1931), pp. 62-63.

⁶³Nyland, "Scientific Management and Planning," p. 73.

⁶⁴For a thorough elaboration of Taylorism as a "philosophy and technique" for social economic planning see Harlow Person, "Scientific Management as a Philosophy and the Technique of Progressive Industrial Stabilization," World Social Economic Congress, 1931, Document 1, Section II. A copy of this paper is found at the Cooke Papers, box 64-A, folder January-June 1932.

CHAPTER IV

FROM FACTORY TO SOCIETY

Introduction

This chapter provides an overview of the Taylor Society. Although there is an extensive literature on Taylor and Taylorism, there is no work which deals exclusively with the history of the Taylor Society. Nor for that matter is there any published study that explores the influence of the Taylor Society on the emergence of the political economy of mass consumption.¹ My purpose here is not to provide a detailed historical account of the Taylor Society, but rather to use that Society as a vehicle to study the emergence of mass consumption capitalism. My interest is to show how "a small band of Taylorites," who at first were concerned exclusively with the problems of factory production, eventually developed into an important policy-making network concerned with the problems of the macroeconomy and the state.

Origins of the Taylor Society

The Taylor Society was formally organized in 1911. It was a professional association composed primarily of management consultants, engineers, and businessmen interested in the "science of management."² According to

founding member Frank B. Gilbreth, the purpose of the Taylor Society was to:

gather, codify and preserve all data on the subject of scientific management, to act as a clearinghouse for ideas, to secure the cooperation of all men capable of undertaking the work of scientific management...in order that there would be available at all times for the members, a cohesive working force, familiar with the principles, and in sympathy with the ideas of scientific management.³

Membership in the Taylor Society concentrated in Philadelphia, New York, and Massachusetts. The principal activities of the Society were membership meetings (local and national), educational work and research concerning scientific management, a consultation and information service for members, discussions of the most important issues facing the "business community", and the publication (beginning in 1915) of a bimonthly bulletin.⁴

The Taylor Society emerged out of the American Society of Mechanical Engineers (ASME), where "Taylor's followers constituted a ready-made reform faction."⁵ Beginning in 1886, with Henry R. Towne's paper, "The Engineer as Economist," and following during the next two decades, with contributions such as Taylor's "A Piece Rate System" (1895) and "Shop Management" (1903), the ASME had provided a key forum for the discussion of management as an engineering problem.⁶ By 1905, however, the ASME seems to have reverted to a more narrow and traditional understanding of the role of the engineer as a technician--that is, as

someone merely concerned with problems of machine design and operation. As Harlow S. Person puts it, "the concern of that society with an increasing number of technical subjects did not permit expansion of its program to give that attention to management which importance of the subject required."⁷ Eventually, this would be an important reason why the Taylorites decided to create their own organization.

A related problem was the emergence within the ASME of a new generation of engineers linked as employees to large corporate organizations. These engineers, as Edwin Layton points out, identified their destiny with the large corporations which employed them. By 1904, these "commercialized engineers" came to dominate the ASME and under their regime this society became subordinated to corporate power. This situation created a growing division within ASME. On one side, were the corporate employees who were exponents of "commercialized engineering". On the other side, were the representatives of the machine-tool industries and light-manufacturing industries who defended the notion "that mechanical engineers should be independent and self-employed practitioners." Taylor and his followers were part of the latter group.⁸

As the most active group within the ASME, the Taylorites took the leading role in the struggle to restore independence and professionalism to engineers. In the

course of this struggle, they clearly identified "commercialism" as the threat to their goals.⁹ A leading figure in this struggle was Morris Cooke who "grasped the key fact that the hard core of resistance to scientific management came from the public utilities and railroads acting together as a sort of monopoly interest within the engineering profession. By shifting emphasis from the virtues of scientific management to the vices of the utilities, [Cooke] was able to broaden the base of his appeal and link the efficiency crusade to the national Progressive movement."¹⁰ Moreover, according to Layton, Cooke "identified three groups that served as carriers of utilities influence [within the engineering profession]: employees and officers of utilities; engineers affiliated with their suppliers, such as the manufacturers of electrical equipment and steam boilers; and consultants whose practices depended upon the utilities."¹¹ In doing so, as Peter Friedlander argues, Cooke demonstrated that he understood very clearly the structural nature of the opposition to scientific management within the ASME.¹²

The election of Taylor to the presidency of the ASME in 1906, deepened the rift in that organization. Taylor's reforms, particularly his attempt to apply scientific management to the society itself, provoked "a storm of protest" from the conservative faction of the ASME.¹³ It was Cooke, however, who led the struggle to reform the

ASME. Cooke hoped to transform the ASME into a forum for scientific management and progressive social reform. For this it was necessary to rid that society of corporate influence and to instill in the engineering profession a sense of dedication to public service. As part of this effort Cooke wrote a paper in 1908, "The Engineer and the People," in which he argued that public service was the key to the engineer's status. The low professional status of engineers was due to the fact that they did not serve the people directly. Engineers might attempt to overcome this situation by collectively serving the public. As a practical step in that direction Cooke proposed the creation of a committee in the ASME through which engineers could provide public service and enhance their sense of social responsibility.¹⁴

According to Layton, underlying Cooke's outlook was a radical departure from more traditional views of engineering and professionalism:

What made Cooke's proposal revolutionary was his assumption that loyalty to the public and loyalty to employers were antagonistic, even incompatible. This theme was not stressed in Cooke's 1908 paper; it became apparent only later. Cooke saw engineering and business as radically different. He resented "the assumption that business--big or little--is engineering. His animosity was directed particularly toward the large, monopolistic corporations, which he felt were exploiting the people and polluting American politics. Engineers who allied themselves with such organizations were acting against the public interest."¹⁵

For Cooke, in conclusion, the domination of engineering by "large, monopolistic corporations" was responsible for the low professional status of engineers. This presented "a terrible menace to society". The solution to this problem was to be found in regaining autonomy for the profession and in the dedication to public service.¹⁶

As Daniel Nelson indicates, the efforts of Taylor, Cooke and the other Taylorites to reform the ASME led, by 1911, to an informal alliance between traditional engineers (whose background was similar to that of the Taylorites) and corporate engineers. A clear indication of this alliance was that, during this period, engineers like John Calder and L.P. Alford, two of the society's most articulate members, openly criticized Taylor and scientific management. Both of these men were part of the system management movement, but considered engineers to be technicians and the ASME an organization for the discussion of technical rather than management problems. Consequently, they opposed the Taylorites' attempts to broaden the scope of the society and of engineers' social responsibility.¹⁷ Another important indication of this alliance was the resistance to publishing papers on scientific management, including, significantly what would become Taylor's most important work, The Principles of Scientific Management.¹⁸ This was followed in 1912, by the report of a committee of the ASME which basically rejected

the scientific claim of Taylorism. In short, "the ASME came close to repudiating scientific management between 1910 and 1912."¹⁹ The Taylor Society was created as a response to this situation.

The Taylor Society was born during the "Eastern Rate Case." In the spring of 1910, a group of railroads announced a general wage increase for their employees. The railroads followed this announcement with a petition to the Interstate Commerce Commission (ICC) for an increase in freight rates. The rationale for this, according to the railroads, was that wage increases constituted financial losses, thus, the need for an increase in price. In response to this action, the Eastern Shippers Association called upon Louis D. Brandeis to present their case against the price increase before the ICC. The hearings held by the ICC--which became known as the Eastern Rate Case--lasted from August to December 1910. The case was decided in February 1911 and it was won by the shippers' association. The case marked a turning point for the scientific management movement. It propelled the movement into the national spotlight and popularized the concept of "scientific management" throughout the United States. As Milton Nadworny indicates, the Eastern Rate Case put the scientific management movement "on the map" and gave it a proper name. It also provided an opportunity for the formation of the Taylor Society.²⁰

The strategy used by Brandeis was to attack the railroads as "inefficient". If the railroads were operated in a more efficient way, he argued, they could pay higher wages without increasing their rates. The problem with the railroads was that they had failed to adopt scientific management:

We say that this situation, this practical declaration of hopelessness which comes from the railroads, this incompetence to deal with the great problem of labor and the great problem of costs, is due to failure to regard that which the most progressive manufacturers in competitive lines of business have been led to adopt. namely the science of management.²¹

If the railroads adopted scientific management, Brandeis contended, the results would be "higher wages to the workman, less costs, and therefore, better profits to the manufacturer, and reduced prices, in many instances to the consumer--and this reduction in price to the consumer, coincident with the general increase in prices about which we have heard so much, and the increase in the cost of living."²² Brandeis' most sensational claim, however, was that the adoption of scientific management would save the railroads one million dollars a day. This claim sparked an "efficiency craze" around the country and transformed scientific management into a national phenomenon.²³

To elaborate his strategy and document his claims, Brandeis turned to Taylor and his followers. At this point an important development occurred. Henry L. Gantt, one of

Taylor's closest associates and a member of the ASME's governing council, attempted to get the society to endorse Brandeis' case against the railroads. The ASME, however, rejected Gantt's petition.²⁴ The Taylorites went ahead anyway and assisted Brandeis. In October 1910, Brandeis met with Gantt, Frank Gilbreth, Henry V. Sheel, and Robert T. Kent, editor of Industrial Engineering, in New York to discuss the strategy for the ICC hearings. It was at this meeting that the name "scientific management" was officially adopted for the Taylorite movement. As Nadworny states, "it was not the first time the term was used, but it was the first time it was accepted as an official title."²⁵

As part of their efforts to assist Brandeis, Gilbreth and Kent went to Canada to gather information on the management methods introduced into some shops of the Canadian Pacific Railroads by Gantt. It was during this trip that Gilbreth conceived the idea of creating a society which would "perpetuate Fred Taylor's work" and "conserve the ground that will be won" by scientific management after the Eastern Rate Case. Gilbreth and Kent discussed the idea with Cooke, and a few days later, on November 9, 1910, a group of five men met at the New York Athletic Club and laid the foundation for what would become the Taylor Society. The five men present at that first meeting were Morris Cooke; Frank Gilbreth; Robert Kent; Wilfred Lewis,

President of the Tabor Manufacturing Company (a model Taylorite plant); and Conrad N. Lauer, also from Tabor. It would take another year, however, before the Taylor Society was formally organized.²⁶

In October 1911, a month before the Taylor Society was formally organized, Harlow S. Person, with the aid of Morris Cooke, organized a "Conference on Scientific Management" sponsored by the Amos Tuck School of Business and Finance at Dartmouth College. At the time, Person was the Dean of that school. The purpose of the conference was to bring together a group of New England businessmen with management engineers and manufacturers who were experts on scientific management. This encounter, the organizers hoped, would enable the New England businessmen to gain a better understanding of the principles of scientific management and of the benefits of applying these principles to their businesses.²⁷ The conference was attended by the most important figures in the field of scientific management including: Frederick Taylor, Carl Barth, Henry Gantt, Harrington Emerson, Sanford L. Thompson, King Hathaway, Frank and Lillian Gilbreth, Robert B. Wolf, and James M. Dodge. Among others, the businessmen associated with scientific management included: Henry Kendall, A. Lincoln Filene, Ralph E. Flanders, and John G. Aldrich. The conference marked the first major meeting devoted to the subject of scientific management.²⁸ The fact that it

was organized by Person and Cooke is not insignificant. For this conference prefigured what the Taylor Society would become--a forum for the discussion of management problems. In a sense, although the Taylor Society was not yet formally constituted, the Dartmouth Conference was the society's first public activity.

The Taylor Society, or the Society for the Promotion of the Science of Management, as it was called originally, was formally organized in November 1911.²⁹ According to Robert T. Kent, the organization's secretary: "The Society was formed partly because ...the American Society of Mechanical Engineers...would not give to the Taylor principles the publicity that we thought they deserved." The creation of a formal organization was also the product of the need to consolidate the gains made by scientific management as a result of the Eastern Rate Case. As its first president the society elected James Mapes Dodge, a past president of the ASME. This was done, as Kent indicates, "to avoid offending" the ASME.³⁰ That is to say, it was done so that the Taylor Society would not appear as a divisive element within the ASME. The society, after all, had been originally conceived as one which would act in harmony with the ASME.³¹ The election of Dodge was also an attempt to win over Taylor's support for the new organization.

According to Nadworny, Taylor was initially opposed to the creation of a society to promote his work. He was concerned that a separate organization would not be as effective as a group within the ASME. For him the problem was that the new organization would be composed of people already converted to scientific management, while within the ASME there was still a large group that needed to be convinced about the benefits of Taylorism. Thus, the formation of the Taylor Society could do more harm than good to the cause of scientific management.³² Despite Taylor's opposition, the new society continued to function and develop. Moreover, the formation of the Taylor Society gave new life to scientific management within the ASME, and by 1919, as Edwin Layton states, "the Taylorites...seemed to control the society." This influence was evident in the role played by the Taylorites in the formation of the Federated American Engineering Society, a progressive federation of four major engineering groups, and in the creation of a special management division within the ASME in 1920.³³ The Taylorites' control over the ASME, however, was short-lived. By the mid-1920s Cooke and the Taylorites had been defeated by the conservative forces within the ASME.³⁴ Having failed to transform the ASME into a forum for scientific management and progressive social reform, the Taylorites turned their energies to expanding the work

of the Taylor Society as an independent policy-discussing and industrial research network.³⁵

Development of Policies

In its early years, before World War I, the Taylor Society focused its attention on the purely technical aspects of the labor process. Its domain was the factory not society, production not consumption. As Harlow S. Person explains:

Before the War American industry was on a sellers' market and the emphasis in the work of the society was on production technique, and the principles as expressed therein, for on a sellers' market production to meet what appears to be insatiable demand is the major problem of industry. It was during this period and in the production field that the basic technique of scientific management was worked out and the fundamental principles formulated.³⁶

During this period discussions at the society meetings were restricted to topics such as "the determination of work and operating standards, the order of introducing Taylor's methods into a plant," and "the handling of materials between machine operations."³⁷ In this respect, the society's outlook was basically in tune with Taylor's early concerns.

However, with the election of Harlow Person (who was not an engineer, but an economist) as President in 1913, the Taylor Society began to broaden its scope. In particular, the Society began to address the so-called

"problem of industrial relations," which Person defined as "the problem of management."³⁸ As part of this effort, in 1915 the Taylor Society provided a forum for industrial consultants Robert G. Valentine and Robert B. Wolf to develop their "revisionist" ideas on the relationship between scientific management and organized labor. Valentine was a proponent of "workers' consent in management," whereas Wolf advocated the idea of "nonfinancial incentives" to motivate workers in production and defended a positive role for unions. Both of them departed in a radical way from Taylor's understanding on the role of unions.³⁹ Although the majority of the members of the Taylor Society did not necessarily share these views at this time, the society still provided an open forum for such ideas.⁴⁰ In the years ahead the Taylor Society would give vent to the issues of "workers' consent," "workers' participation," and "union-management co-operation." Such was the development of the Taylor Society in this area, that by 1923 Person proclaimed "the outstanding contribution which scientific management is now making, is to the solution of the problem of industrial relations."⁴¹

World War I marked a turning point in the history of the Taylor Society. It was during the war--when all of the officers and over 50 per cent of the membership of the Taylor Society went to work for the U.S. government on behalf of the war effort--that the Taylorites discovered

the macro-economy and specifically the state.⁴² The war effort made it necessary for U.S. industries to maximize production while at the same time it generated a labor shortage which strengthened the trade union movement. This led the state to turn to the Taylorites (and other management "experts") for the planning and development of war production. During the war, as Daniel Nelson states, many managers and businessmen served on the War Industries Board, the Council of National Defense, and the Conservation Division of the WIB, "all of which stressed the elimination of waste, the simplification of styles and, the standarization of parts."⁴³ The members of the Taylor Society were part of this contingent and their experience organizing war production enabled them to broaden their social perspective and enter what Person called the "period of the larger conception of scientific management."⁴⁴

On December 8, 1917, the Taylor Society met to discuss the problems of organization and production for war. At that meeting, Henry Kendall, a Massachusetts textile manufacturer, argued that U.S. victory in the war was contingent:

upon the maximum production of the country, production of what is wanted, in the quantities wanted, and at the time wanted, and this maximum can be obtained by a completely organized war machine, and this can be brought about in time only by a definite plan and centralized authority in bringing it to pass.⁴⁵

For Kendall, this utmost coordination and centralization of Government activities was a necessity, if the U.S. was going to defeat the "all embracing, high-efficient organization represented by the German Government."⁴⁶ Ernest Martin Hopkins, president of Dartmouth College, concurred with Kendall, stating "that there is nothing to do except to make a complete democratic move, to commandeer everything and everybody and every resource in this country for the common purpose." "If this is centralization of authority," he added, it seems to me that that is what we ought to do."⁴⁷

Morris Cooke, however, warned against the excesses of centralization of authority and argued in favor of a more decentralized and democratic form of control:

In planning any organization, industrial, political or any other, it seems that we should always try to come back to the rule of democracy...wherever we decentralize we get the spring and the surge and the inspiration that comes with people acting from motives of their own without dictation from the top, or least with the minimum of dictation from the top.⁴⁸

For Cooke, in short, the war should be conducted along more "democratic lines." Despite their differences, the Taylorites shared a common understanding of the significance of the war for American society. This understanding was best expressed by the president of Dartmouth College, who was a close associate of the Taylor Society, as he summarized the discussion on the war effort:

All of this goes back to a very large fact in connection with our national welfare, namely, that we have been a nation of individualists and have been extremely slow to understand that prosperity and welfare were coming to us in the last analysis by disassociating ourselves from the theories of individualism that have prevailed, and accepting an entirely new view in regard to cooperation, which eventually must be the basis of effective democracy.⁴⁹

It was this understanding which enabled the Taylor Society to draw on the cooperative and collective war effort (what Murray N. Rothbard calls "war collectivism") as a model to confront the Great Depression and build the New Deal.⁵⁰

During the war the majority of the leaders of the Taylor Society worked with the Ordnance Department, the Emergency Fleet Corporation, the United States Shipping Board, and other planning and production agencies.⁵¹ Within these agencies, the Taylorites played an instrumental role in terms of labor-management relations. Of particular significance, as Morris Cooke pointed out, was that "[during] the War a group of those associated with the Taylor Society helped to draft [an industrial code] which was issued as General Order #13 by the Ordnance Department and under another designation by the Quartermaster Department."⁵² This Code, which according to Nadworny, "was probably mainly Cooke's handiwork;" recommended that government contractors accept collective bargaining, the 8-hour day, minimum wages, equal pay for women, health and safety provisions (aimed fundamentally at protecting women and children), and union-management cooperation schemes.⁵³

Before the war it seems improbable that most Taylorites would have endorsed these measures. However, the experience of organizing war production with the collaboration of the unions under government sponsored collective bargaining arrangements, led the members of the Taylor Society to reassess their previously held position in relation to union recognition and collective bargaining. This new understanding on the role of unions would be key to the rapprochement between the AFL and the Taylor Society during the 1920s.⁵⁴ As Edward Eyre Hunt indicates, the war had broadened the function of the management engineer tremendously and had put "[not] mechanical but human problems...in the foreground."⁵⁵ This tendency would be taken even farther during the post-World War I period.

The end of the war brought new possibilities and challenges for the Taylor Society. At a national meeting which took place in Cambridge, Massachusetts, on October 3-4, 1919, the post-War World I situation was summarized in the following way:

The aftermath of the war brings with it a severe test of resourcefulness and efficiency in the conduct of business activities. The wholesale destruction of the products of labor, the vast amount of deferred maintenance that has to be made up on much of the undestroyed maintenance that has to be made up on much of the undestroyed property, the smaller numbers of able-bodied laborers available, the demand for shorter hours and for an increased measure of the comforts and luxuries for the masses,--all require increased intelligence in the processes of production and of distribution.⁵⁶

Moreover, as John E. Otterson, from Winchester Repeating Arms Co., and acting president of the Taylor Society argued, the war had expanded the opportunities "for the application of the philosophy and the science of management as taught by Mr. Taylor, and were he here today, I am sure he would be able to point out to us a wider field of application of his teachings."⁵⁷ In light of these new challenges and sensing an opportunity to expand the application of scientific management "to a wider field," the Taylor Society established a central office in New York and created the position of managing director, to run the affairs of the society on a day-to-day basis. On April 1919, Harlow S. Person was chosen managing director of the Taylor Society, a position he held until the dissolution of the society in 1936.⁵⁸

The postwar period also brought a transformation in the membership and composition of the Taylor Society. In its early years the membership of the Taylor Society was composed primarily of engineers and employers. The society was a small and close-knit group composed of "Taylor men" and representatives of "Taylor plants." From "a small band of Taylorites" which attracted some twenty or twenty-five persons to its meetings during the first two years of its existence, the society grew to a membership of over 800 during the 1920s.⁵⁹ The society's membership not only grew in size, it also changed in composition. By

1922, as Person states, membership to the Taylor Society did not require "that one be a 'Taylor man' or represent a 'Taylor plant'." It meant only that a person was interested in management as a science, desired to promote investigation in that field, and was "open-minded and appreciative of great contributions to the development of better management."⁶⁰ As a consequence of this change, the Taylor Society began to attract social scientists such as Mary Van Kleeck and Irving Fisher, journalists such as George Soule and Robert Bruère, and urban mass retailers such as E. A. Filene and A. Lincoln Filene. The transformation in the society's membership and composition coincided with the broadening of its social and economic perspective, and with the extension of scientific management to new areas.

A key area to which the Taylor Society attempted to extend the application of scientific management was sales and marketing. This was done during the 1920s, in the context of contracting markets. According to Person, the war had plunged the economy into a "buyer's market":

...the war...was a tremendous shock to the industrial system. On the one hand it caused a still greater development of productive capacity, financed out of future earnings through the mechanism of bonds and taxation, and caused a coincident decline in consumers' demand...a decline which is likely to continue for some time because of the continuing heavy taxes and the maladjustments caused by the war. In short, the shock seems to have hastened evolutionary tendencies, which would have developed more gradually and with only minor

depressions, and to have thrown us suddenly upon a buyers' market which will last for some time and may be the beginning of a dominant buyers' market.⁶¹

What this meant, in Person's view, was "intense competition on the part of management to find the individual consumers and to sell them." And in that competition selling price and cost of production would be critical factors.⁶² Thus, the need to focus on marketing and selling.

As Henry Dennison, a prominent member of the Taylor Society, pointed out, since 1920 the problem of marketing and especially the creation of demand for the product and the development of new products had become the pre-eminent concern of business executives. At the forefront of those concerned with the problems of marketing and selling, according to Dennison, was the Taylor Society. As early as October, 1920, "articles suggesting a more scientific viewpoint on marketing" appeared in the Bulletin of that society.⁶³ These articles and the discussions that took place at the Taylor Society on selling and marketing recognized that "the application of science" to the solution of sales problems was "a relatively recent development in American business." Yet, the attitude that prevailed was that "[the] problems of marketing, like factory problems, must be isolated, abstracted and analyzed after the scientific method." The assumption was that, if American business and management had used "science" to

resolve its factory problems, they could also use it to resolve the problems of marketing and selling.⁶⁴

Henry Kendall summarized the Taylor Society perspective on selling in the following way:

There are three essentials to selling: knowing your product, knowing the market and knowing the trade channels. The problem of the sales executive backed by the chief executive today is, on the basis of these three essentials, to create new markets. To guide and sustain the sales executive, the chief executive should know as much about merchandising as the latter, and should now focus his attention upon the latter's problem.⁶⁵

Moreover, Kendall added, the key to the problem of marketing is to: (1) find a new market for the product, (2) modify the product to meet the requirements of an existing market, or (3) develop a new product to meet the requirements of an existing market. Here again, it is the task of the sales managers, with the assistance of the "chief executive," to coordinate the process of market research and "sales engineering."⁶⁶ This process entailed not just the study of the product and of the market in general, but more specifically, "the evolution of merchandising," "the use of statistics and the development of the sales budget," joint research in the field of selling and marketing with other institutions, and "scientific advertising." As a result of this new emphasis on selling the sales managers had come to occupy the position held by the production managers in the period before the war.⁶⁷

The approach of the Taylor Society to the problem of selling and marketing was part of their approach to a broader problem: the problem of economic stabilization at the macroeconomic level. During the 1920s the Taylor Society was an important component of the campaign led by Herbert Hoover to create a macroeconomic management system. The idea behind this campaign was to achieve macroeconomic stability through microeconomic strategies. As Guy Alchon indicates, this campaign sought to influence the microeconomic decisions of individual managers in such a way as to enhance the stability of the economy as a whole. The underlying assumption of this approach was "that if enough managers stabilized their operations along the lines recommended, then the sum of individual decisions, much like the invisible hand of the classical market, would add up to increased productivity, moderation of distributive conflict, and, thus, the collective good."⁶⁸ According to this approach, then, the stability of the economy as a whole was achieved through the action of individual managers at the level of the firm, the role of the state and other private agencies was to provide guidance to these managers so that they could stabilize or "regularize" their firms.⁶⁹

As part of this effort, the Taylor Society played a leading role in the study developed by the "Committee on the Elimination of Waste" in 1921. The study of waste in

industry was an initiative undertaken by Hoover as president of the Federated American Engineering Societies (FAES); its purpose was to investigate the causes of "inefficiency" and low production in industry. The Waste Committee was dominated by the Taylor Society--a substantial majority of its eighteen members were Taylorites--and its report was recognized as a statement representative of scientific management.⁷⁰ According to Person, "that committee was composed largely of Taylor engineers, its point of view was entirely Taylor, and the standards by which it judged waste were the standards, simon-pure, of scientific management."⁷¹ In fact, as Nadworny points out, several key reports published in Waste In Industry were summaries of studies conducted by members of the Taylor Society: Sanford Thompson's reports on the building and boot and shoe industries; Morris Cooke's on men's readymade clothing; John Williams' on the printing industry; and Fred J. Miller's on metal trades.⁷²

The report of the Waste Committee created heated controversy within the engineering profession and was soundly rejected within employer circles. Its most controversial aspect was its assessment of who was responsible for waste (i. e., inefficiency) in industry. The report concluded that over 50% of industrial waste was the responsibility of management, while it held labor responsible for less than 25%.⁷³ Underlying this conclusion

was the understanding that management could eliminate the sources of waste and inefficiency in industry, if it followed the Committee's recommendations for stabilizing plant operations. One of the most important recommendations put forth by the Committee was the need for management-labor cooperation to increase production. The Committee also stressed the need to prevent unemployment, which was not only an important source of waste, but also of industrial unrest.⁷⁴ Here again, the responsibility for dealing with this problem was placed on the shoulders of management. Not surprisingly, the reaction of organized labor to the report of the Waste Committee was positive. In Person's words, the Committee's report "was hailed by organized labor as one of the most important documents in their interest ever published--for it publicly placed the chief responsibility for waste on management." In doing so, it contributed to the process of reconciliation between scientific management and the unions.⁷⁵

As Evan Metcalf points out, although much of the Waste Report was concerned with problems of shop management and production control, the Committee's recommendations went beyond the traditional methods associated with scientific management and encompassed measures concerning business planning, such as the coordination between production and sales. In particular, it stressed the need for mechanisms of formal sales forecasting and systematic budgeting, both

of which were necessary if firms were to respond effectively to fluctuations of the market and to the problem of "irregular employment." For Hoover, Metcalf argues, the Committee's report represented a landmark in the transition of scientific management from its pre-War World I concern with "the minutiae of shop and office routine" to "broad questions of policy-making."⁷⁶

This transition was also evident in the role played by the Taylorites in the FAES' second major research project, a study of the twelve-hour day in the steel industry. This study, which was undertaken by the FAES at Hoover's initiative, was also dominated by engineers associated to the Taylor Society (5 of the 8 members of the Committee appointed to supervise the project were Taylorites). And as was the case in the Waste Study, its conclusions (which viewed favorably the change to a eight-hour day) were highly controversial within the engineering profession. Specifically, the study's recommendations were rejected by the steel industry--which opposed shortening the work day--and by its allies within the engineering societies.⁷⁷

A central aspect of Hoover's campaign to stabilize the American economy was the movement to prevent unemployment, or as it was called during the 1920s, the movement to "regularize employment."⁷⁸ In terms of policy-making, the principal vehicle of this movement was "President Harding's Conference on Unemployment." This conference, which was

convened by Harding in September 1921 at Hoover's suggestion, was one of Hoover's first and most important projects as Secretary of Commerce. The Unemployment Conference had two fundamental purposes. The first, immediate purpose, was to mobilize the business sector and local communities behind an emergency relief and re-employment program. The second aim, was to develop a long-range program of unemployment prevention.⁷⁹ But for Hoover and his allies (including the Taylorites), the Unemployment Conference was above all "the vehicle through which microeconomic regularization and a greater data competence might become instruments of macroeconomic stabilization."⁸⁰

According to Alchon, the Unemployment Conference and such research offshoots as the Business Cycle Committee supplied evidence that regularization, "understood as managerial production and sales strategies that could reduce fluctuations in employment and business activity," had become a key aspect of Hoover's campaign for macroeconomic stabilization.⁸¹ Hoover's focus on regularization was shared by the members of the Taylor Society, who viewed unemployment as a form of industrial waste that could be prevented by the application of scientific management at the level of the firm. As Person states, "the [Taylor Society] has maintained that the point of attack on practically every phase of the industrial problem is in the individual plant, and that better

conditions in general are to be achieved by wiser administration and more scientific managements of individual enterprises."⁸² Consistent with this perspective, the Taylor Society encouraged individual managers to take measures to regularize employment within their own firms. In doing so, they sought to contribute to the development of a macroeconomic stabilization strategy based on the scientific management of individual plants.

In September 1921, Hoover, acting as Chairman of the Unemployment Conference formed an Economic Advisory Committee, to set the agenda and prepare the program for that conference. This committee, as Alchon notes, was dominated by representatives of the American Association for Labor Legislation, the National Bureau of Economic Research, and the Taylor Society.⁸³ Among the Taylorites who composed the Economic Advisory Committee, the most important figure was Henry Dennison. A paper products manufacturer from Massachusetts, Dennison was a pioneer in the efforts to regularize employment (his company establish the first company unemployment fund in the United States) and was considered one of the most progressive and influential business leaders in the country.⁸⁴ Active in the movement to prevent unemployment since the pre-World War I period, Dennison became a close associate of Hoover's Commerce Department throughout the 1920s. Elected president of the Taylor Society in 1920, Dennison became

the leader of a group of progressive employers--including Richard A. Feiss, Henry Kendall, Howard Coonley, Edward A. Filene, A. Lincoln, and Morris Leeds--who were at the forefront of the campaign to regularize employment.⁸⁵

For Dennison, and other members of the Economic Advisory Committee such as Wesley Mitchell, the question of controlling the business cycle was a central one for the Unemployment Conference. Indeed, the Committee's preconference report stressed the need to focus attention on the study of the business cycle and on ways to enhance the control over it. To this end Hoover, who shared Dennison's and Mitchell's view on the importance of controlling the business cycle, formed a subcommittee of the Unemployment Conference to study this question.⁸⁶ According to Metcalf, the report of the Business Cycles Committee, which was published in May 1923, provided a broader framework for the development of regularization policies. Specifically, the report recognized that many aspects of the business cycle were not well understood by businessmen or managers, and that some of these aspects were beyond their control. Moreover, he states, the report contained three major areas of policy recommendations: (1) monetary policy, (2) long-range planning of public works, and (3) regularization of employment and investment by private business.⁸⁷

For Mary Van Kleeck, a key member of the Business Cycles Committee, "the theme of that report was that unemployment must be traced back to the businessman. Not that he is to blame, but he must take the lead in analyzing the whole network of conditions and applying such knowledge as scientists can bring to bear."⁸⁸ Van Kleeck, a social worker and Director of the Department of Industrial Studies of the Russell Sage Foundation, was since the pre-World War I period a leading advocate of regularize employment. During the war she became closely associated with Morris Cooke, with whom she collaborated on issues regarding women's work.⁸⁹ Subsequently, in the early 1920s, she became a member and an officer of the Taylor Society. Being a social worker, however, meant that her perspective on social problems was different from that of the majority of engineers and employers that composed the Taylor Society:

Social workers are vitally concerned in the attainment of a more adequate standard of living. In their work among families and individuals whose living conditions are below par, they encounter unemployment, low wages, and evidence of unwholesome conditions in industry. But they do not always see that the remedy for these conditions may be in the workshop. In the Taylor Society, social workers have an opportunity to meet members of the engineering group who are tackling problems in the plant with just as much anxiety as have the social workers to reduce long hours, increase wages, and to regularize employment. Perhaps the engineers also need this contact to enable them to see the full significance of management engineering in its effects upon the social life of the community.⁹⁰

Moreover, Van Kleeck stated, the fact that the Taylor Society recognized the importance of the social scientist "and had admitted those of us who whose work has been entirely in the human aspects of industry," was a clear signal that the society was moving in the right direction. It was an acknowledgement, in her view, "that no one could be a true Taylorite who does not have the human interest either to begin with or as result" of their industrial studies.⁹¹ Van Kleeck's interest in the Taylor Society, thus, was "not directed toward challenging the technical engineer to give attention to problems of human relations." She was concerned rather with having "those people who see the present disastrous results of industrial organization in the community realize how the art of management in the shop can fundamentally change those social conditions in the community." For Van Kleeck, the Taylor Society was a vehicle through which management could be interpreted to those "who are seeking to construct a better society." And membership in the society provided "an opportunity to share in that interpretation."⁹² Van Kleeck, in short, viewed the Taylor Society as an important element in the campaign to achieve social stability through microeconomic strategies.

As a social scientist, Van Kleeck was also very much concerned with the need to develop scientific management as a tool for social research in industry:

Are there not signs that scientific management must learn to apply its own science to the more subtle and difficult problems of human relationships which we are coming to see as the science of management? How much do we know, for instance, on the moot question of financial or non-financial incentives and the whole problem of developing and conserving the creative power of the workers in highly developed forms of industry. Or again, how shall we learn to measure the relation between production and consumption?...What methods shall be set up to answer [these questions]? The field of discovery is as yet vague, but its vital importance is increasingly shown. We need to forge the tools, to find the methods, for making the discoveries.⁹³

For Van Kleeck, all of the areas under the supervision of the industrial manager required information that could only be provided by the methods of the social sciences. Here lies the importance of social research in industry; it is a means of discovering the "facts" that will enable the manager to scientifically administer the industrial plant: "[Can] the industrial manager know all he needs to know about materials if he excludes from the range of his knowledge the habits and attitudes of the men who make them...? Must he not also know the habits, the attitudes and the circumstances of purchasers? Can the market be understood without using the methods of the social sciences?" Above all, Van Kleeck concluded, the power of social research lay in its capacity to harmonize social conflict and make cooperation possible.⁹⁴

Van Kleeck's concerns about the importance of developing tools for social research in industry were shared by the leading members of the Taylor Society. In

particular, Harlow Person, who also was a social scientist, argued likewise that the Taylor Society should insist upon the "widest possible discussion of all phases of scientific management." It should, he added, contemplate its discussions from the point of view of the manager, the worker, and the social scientist each of whom could contribute to the analysis of an aspect of social reality that the others had not experienced. The importance of this type of approach to social research was that it provided a broader understanding of the problems in industry. It also provided a better basis for cooperation between these different groups. By combining and harmonizing these three different perspectives the Taylor Society could contribute to the development of a truly scientific approach to social research, and scientific management could "finally [reveal] itself as raising fundamental questions of industrial philosophy."⁹⁵ Thus, both Van Kleeck and Person were convinced of the "objective" and "impartial" nature of the "scientific" approach to social research they proposed; and of its importance as a tool to further a strategy of economic stabilization. In this, they shared with Hoover what Alchon calls "a basic faith in the social virtues of technocratic analysis and prescription."⁹⁶ This faith explains the centrality of economic and social surveys in Hoover's effort to stabilize the American economy.

In conclusion, through their participation in the waste and the twelve-hour day studies, and in the different committees of the Unemployment Conference, the members of the Taylor Society played a leading role in Hoover's campaign to create a macroeconomic management system. Conversely, participation in this campaign played a key role in the transition of the Taylor Society from factory to society. As Hoover put it, it enabled the Taylorites to move beyond their concerns with the details of factory production to the broad issues of policy-making. It enabled them, finally, to develop what they considered to be "a truly scientific" approach to social research in industry and to apply scientific management to "fundamental questions of industrial philosophy."

ENDNOTES

¹Peter Friedlander's "The Origins of the Welfare State: The Keynesian Elite and the Second New Deal, 1910-1936," (unpub. MS, 1987) is an important but unpublished study which deals with this matter. Steve Fraser, "The Labor Question," in Steve Fraser and Gary Gerstle, eds., The Rise and Fall of the New Deal Order, 1930-1980 (Princeton, N. J.: Princeton University Press, 1989) also offers an insightful analysis pertaining this question. I am greatly indebted to both this studies.

²The Taylor Society was originally called "The Society to Promote the Science of Management," but after Taylor's death (1915) it was renamed in his honor. For the origins of the Taylor Society see Milton J. Nadworny, "The Society for the Promotion of the Science of Management," Explorations in Entrepreneurial History 5 (May, 1953), pp. 245-247; Robert T. Kent, "The Taylor Society Twenty Years Ago," Bulletin of the Taylor Society (BTS) 17 (February 1932): 39-40; and Percy S. Brown, "The Work and Aims of the Taylor Society," BTS 10 (June 1925), pp. 164-168.

³Robert Kent, "The Taylor Society Twenty Years Ago," BTS 17 (February 1932), pp. 39-40.

⁴Harlow S. Person, "What is the Taylor Society," BTS 7 (December 1922, p. 225.

⁵Layton, The Revolt of the Engineers (Cleveland, Ohio: Case Western Reserve University, 1971), p. 154.

⁶Henry R. Towne, "The Engineer as Economist," Transactions, ASME, (1886), 7, 428-432; Frederick W. Taylor, "A Piece-Rate System, Being a Step Toward Partial Solution of the Labor Problem," Transactions, ASME, (1895), 16, 856-883; Taylor, "Shop Management," Transactions ASME (1903), 24, 1337-1480. Hugh Atiken, Scientific Management in Action (Princeton, N. J.: Princeton University Press, 1985), p. 35; Harlow S. Person, "What is the Taylor Society," BTS 7 (December 1922), p. 227.

⁷Person, "What is the Taylor Society." BTS 7 (Dec. 1922), p. 227.

⁸Layton, The Revolt of the Engineers, pp. 154-155. My discussion of the division within the ASME and the role of the Taylorites in that struggle draws heavily on Layton's analysis--especially chapters 6 and 7.

⁹Layton, The Revolt of the Engineers, pp. 154-155.

¹⁰Layton, The Revolt of the Engineers, pp. 156-157. As Layton states, "Cooke's interest lay in the broader social and political implications of scientific management...His sensitivity to the world outside the factory enabled him to see the deeper implications of scientific management." (Layton, The Revolt of the Engineers, p. 157.) For details of Cooke's career as a reformer and of his struggle against the utilities see chapter 7 of Layton's book. For a biography of Cooke see Kenneth E. Trombley, The Life and Times of a Happy Liberal: A Biography of Morris Llewellyn Cooke (New York: Harpers and Brothers, 1954); and Jean Christie, Morris Llewellyn Cooke: Progressive Engineer (New York: Garland, 1983).

¹¹Layton, The Revolt of the Engineers, p. 165.

¹²Freidlander, "The Origins of the Welfare State," p. 19.

¹³Layton, The Revolt of the Engineers, pp. 155-156.

¹⁴Layton, The Revolt of the Engineers, pp. 156-158. Morris Cooke, "The Engineer and the People," Journal ASME, 30 (October 1908), pp. 1205-1214.

¹⁵Layton, The Revolt of the Engineers, p. 159.

¹⁶Layton, The Revolt of Engineers, p. 159.

¹⁷Daniel Nelson, Frederick W. Taylor and the Rise of Scientific Management (Madison, Wis.: The University of Wisconsin Press, 1980), pp. 181-182.

¹⁸Nelson, Frederick W. Taylor and the Rise of Scientific Management, pp. 181-182. According to Nelson: "Taylor submitted The Principles of Scientific Management to the ASME publication committee early in 1910....Unwilling to accept it, but too embarrassed to reject the work of a former president, the committee stalled. Months passed, and Taylor became increasingly annoyed. In late 1910 he withdrew the manuscript, printed

in privately for the ASME members, and agreed to publish it in the popular progressive journal, The American Magazine. (Nelson, Frederick W. Taylor and the Rise of Scientific Management, p. 174).

¹⁹Layton, The Revolt of the Engineers, p. 156.

²⁰Nadworny, Scientific Management and Unions (Cambridge, Mass.: Harvard University Press, 1955), p. 39. My discussion of the Eastern Rate Case is based on chapter 3 of Nadworny's book. See also Nadworny, "The Society for the Promotion of the Science of Management," pp. 244-246; and Samuel Haber, Efficiency and Uplift: Scientific Management in the Progressive Era, 1890-1920 (Chicago: The University of Chicago Press, 1964).

²¹Evidence Taken by the Interstate Commerce Commission in the Matter of Proposed Advances in Freight Rates by Carriers, August to December, 1910, Senate Doc. 725, 61 Cong., 3rd Sess. (Washington, D. C., 1911), pp. 2624 [hereafter cited as Eastern Rate Case].

²²Eastern Rate Case, 2621-2622. For a summary of Brandeis' brief see Louis D. Brandeis, (Scientific Management and Railroads (New York: The Engineering Magazine, 1912)).

²³Nadworny, Scientific Management and Unions, pp. 36-39, Nelson, Frederick W. Taylor and the Rise of Scientific Management, pp. 174-175.

²⁴Layton, The Revolt of the Engineers, p. 156.

²⁵Nadworny, Scientific Management and Unions, p. 35; Haber, Efficiency and Uplift, pp. 51-55.

²⁶Nadworny, Scientific Management and Unions, pp. 45-47; Robert Kent, "The Taylor Society Twenty Years Ago," p. 39.

²⁷Nadworny, Scientific Management and Unions, pp. 43-44.

²⁸Nadworny, Scientific Management and Unions, pp. 43-44; Trombley, The Life and Times of a Happy Liberal, p. 12.

²⁹Nadworny, Scientific Management, p. 47.

³⁰ Robert Kent, "The Taylor Society Twenty Years Ago," p. 40; Harlow S. Person, "What is the Taylor Society," p. 228.

³¹Nadworny, Scientific Management and Unions, p. 46.

³²Nadworny, Scientific Management and Unions, pp. 46-47; Nadworny, "The Society for the Promotion of the Science of Management," p. 246. Henry Gantt also shared Taylor's apprehension about the formation of the Taylor Society. Gantt, however, soon relented his opposition. By 1914, Taylor had also abandoned his opposition to the Taylor Society. In October of that year he participated in an activity on scientific management and unions; and was elected the first honorary member of that Society. (Nadworny, Scientific Management and Unions, p. 47; Nadworny, "The Society for the Promotion of the Science of Management," p. 247.)

³³Layton, The Revolt of the Engineers, p. 154; Nelson, Frederick W. Taylor and the Rise of Scientific Management, p. 182.

³⁴Layton, The Revolt of the Engineers, p. 187. The defeat of the Taylorites was manifested not only in Cooke's failed attempt to be elected to the Governing council in 1923, but also by the conservative backlash created by the report of the Committee on the Elimination of Waste and the study of the twelve-hour shift in steel. (Layton, The Revolt of the Engineers, pp. 201-205.) Evidence of the conservative domination within the ASME is provided by Cooke in a letter to Robert B. Wolf on March 25, 1925: "Gossip has it that there are only three candidates for President before the ASME Nominating Committee; i.e., A.M. Greene, W.L. Abbott and George Orrock. These men are all distinctly allied with the reactionary group." According to Cooke, Orrock "is a G.E. [General Electric] man," Abbott "is Chief Engineer of the Commonwealth Edison in Chicago," and Green, "a professor at Princeton." (Cooke to Robert B. Wolf, March 25, 1925. Morris L. Cooke Papers, Franklin D. Roosevelt Presidential Library, Hyde Park, N. Y., box 19, file 182 [hereafter cited as Cooke Papers].

³⁵Friedlander, "The Origins of the Welfare State," p. 20.

³⁶Harlow S. Person, "The Development of the Policy of the Taylor Society," BTS 17 (February 1932), p. 42. See also Person, "Shaping Your Management to Meet Developing Industrial Conditions," BTS 7 (December 1922), pp. 211-217.

³⁷Nadworny, "The Society for the Promotion of the Science of Management," p. 246.

³⁸Harlow S. Person, "On the Contributions of Scientific Management to Industrial Problems," BTS 8 (June 1923), p. 117.

³⁹Nadworny, Scientific Management and Unions, pp. 98-101, 112-113; Haber, Efficiency and Uplift, pp. 33-34. See Robert G. Valentine, "Scientific Management and Organized Labor," An address before the annual meeting of the Taylor Society, December 5, 1914, Bulletin of the Society for the Promotion of the Science of Management 1 (January 1915), pp. 3-9; Valentine, "The Progressive Relation Between Efficiency and Consent," An address before the annual meeting of the Taylor Society, December 10-11, 1915, BTS 2 (January 1916), pp. 7-11; and Robert B. Wolf, "Individuality in Industry," Bulletin of the Society for the Promotion of the Science of Management 1 (May 1915), p. 1.

⁴⁰For the reaction to Valentine's paper at the Taylor Society see "By Consent of the Scientifically Managed," The Survey 35 (December 25, 1915), p. 342; and "Discussion," BTS 2 (January, 1916), pp. 13-20. Commenting on Valentine's paper in 1923, Harlow Person stated: "So abundant has become the literature on industrial relations during the past five years that few realize that less than ten years ago that literature was meager, and the voice of Robert G. Valentine was the voice of one crying in the wilderness....While the members of the Taylor Society did not agree with Mr. Valentine with respect to many of his views, it has always been a source of gratification to the Society that it had the vision to give him a platform and an audience." (Harlow S. Person, "Two Pioneer Papers on Industrial Relations," BTS (December 1923), p. 223, note 1.

⁴¹Person, "On the Contribution of Scientific Management to Industrial Problems," BTS 8 (June 1923), p.17.

⁴²Person, "What is the Taylor Society," BTS (December 1922), p. 228; BTS 4 (February 1919), p. 1; Haber, Efficiency and Uplift, p. 121.

⁴³Daniel Nelson, Unemployment Insurance: The American Experience, 1915-1935 (Madison, Wisconsin: Wisconsin University of Wisconsin Press, 1969), p. 34. For a

discussion of the relationship between business and government during the war see Robert D. Cuff, The War Industries Board: Business-Government Relations during World War I (Baltimore: The John Hopkins University Press, 1973); Grosvenor B. Clarkson, Industrial America in the World War (Boston: Houghton Mifflin, 1923); and Murray N. Rothbard, "War Collectivism," in Ronald Radosh and Murray N. Rothbard, eds., A New History of Leviathan: Essays on the Rise of the American Corporate State (New York: E. P. Dutton, 1972), pp. 67-110.

⁴⁴Harlow S. Person, "The Opportunities and Obligations of the Taylor Society," BTS 4 (February 1919), p. 4.

⁴⁵Henry Kendall, "Discussion on Centralization of Administrative Authority," BTS 4 (April 1919), p. 2. Although this discussion took place in 1917, it was not published until April 1919--because the Taylorites' involvement in the war effort led to the suspension of the Bulletin of the Society during 1918. For a summary of this discussion see Haber, Efficiency and Uplift, pp. 120-122.

⁴⁶Kendall, "Discussion on Centralization of Administrative Authority," p. 2.

⁴⁷"Ernest Martin Hopkins, "Discussion on Centralization of Administrative Authority," p. 17.

⁴⁸Morris Cooke, Discussion on Centralization of Administrative Authority," pp. 5-6.

⁴⁹Hopkins, "Discussion on Centralization of Administrative Authority," p. 16.

⁵⁰Martin N. Rothbard, "War Collectivism in World War I."

⁵¹According to Nadworny, as many as a third of the members of the Taylor Society were working with the Ordnance Department in the beginning of 1918. Nadworny, Scientific Management and Unions, p. 104.

⁵²Cooke to Kendall, December 19, 1927, Cooke Papers, box 11, folder 11.

⁵³Nadworny, Scientific Management and Unions, p. 105; Nyland, "Scientific Management and Planning," p. 65.

⁵⁴For a discussion of the rapprochement between the AFL and the Taylor Society see Nadworny, Scientific Management and Unions, chapters 7 and 8. See also, Jean Trepp McKelvey, AFL Attitudes Toward Production, 1900-1932 (New York: Cornell University, 1952); and Sanford M. Jacoby, "Union-Management Cooperation in the United States: Lessons From the 1920s," Industrial and Labor Relations Review 37 (October 1983), pp. 18-33.

⁵⁵Edward Eyre Hunt, ed., Scientific Management Since Taylor (New York: McGraw-Hill, 1924), p. xii.

⁵⁶"The Boston Meeting," BTS 4 (December 1919), p. 2.

⁵⁷"The Boston Meeting," BTS 4 (December 1919), p. 2.

⁵⁸Person, "What is the Taylor Society," BTS 7 (December 1922), p. 228.

⁵⁹Person, "What is the Taylor Society," BTS 7 (December 1922), p. 228.

⁶⁰Person, "What is the Taylor Society," BTS 7 (December 1922), p. 225.

⁶¹Person, "Shaping Your Management to Meet Industrial Development," BTS 7 (December 1922), p. 214.

⁶²Person, "Shaping Your Management to Meet Industrial Development," BTS 7 (December 1922), p. 214.

⁶³Henry Dennison, "Management," in President's Conference on Unemployment, Committee on Recent Economic Changes, Recent Economic Changes in the United States (New York: McGraw-Hill, 1929), p. 531. According to Dennison: "So far as is known the idea of making specific application of the principles of Frederick W. Taylor to the selling department had its birth (most appropriately) at a meeting of the Taylor Society not so many months ago. (Henry S. Dennison, "Problems of Business Organizations," Administration [September 1921], p. 9.) A draft copy of this article is in the Henry S. Dennison Papers, Baker Library, Harvard Business School, Cambridge, Massachusetts, case I, folder 1921-1922, [hereafter cited as Dennison Papers]. Dennison himself gave several talks on this subject to the Taylor Society. See, for example, "Major Problems the Executive Must Face in the Next Five Years," Talk to the Syracuse Chapter of the Taylor Society, April 26, 1929, Dennison Papers, case 1, folder 1929; "Sales

Engineering," Paper delivered before the New England Section of the Taylor Society, Framingham, Mass., November 10, 1921, Dennison Papers, case 1, bounded vol. 1; and "Balancing Manufacturing and Distribution," Abstract of a talk at a meeting of the Eastern Massachusetts Section of the Taylor Society, Boston, December 12, 1925, BTS 11 (April 1926), pp. 81-82.

⁶⁴John M. Holcombe, Jr., "A Case of Sales Research," BTS 7 (June 1922), p. 112. The list of articles on selling and marketing published by the Bulletin of the Taylor Society during the 1920s is quite extensive. In addition to Holcombe's, some of the most representative articles are: L. J. Conger, "The Tie-Up of Sales and Production," BTS 8 (April 1924), pp. 137-140; E. E. Brookes, "Master Budgets of Sales and Production," BTS 7 (December 1922), pp. 229-234; Harry R. Wellman, "The 1923 Model Sales Machine," BTS 8 (June 1923), pp. 96-103; Stuart D. Cowan, "Tendencies in Sales Management," BTS 9 (April 1924), pp. 72-85; Stuart D. Cowan, "An Example of Scientific Marketing Procedure," BTS 9 (June 1924), pp. 143-151; Joseph H. Barber, "Coordination of Sales and Production," BTS 9 (June 1924), pp. 111-124; Arthur Livingston, "The Technique of Market Analysis," BTS 10 (February 1925), pp. 18-24; Stuart D. Cowan, "Scientific Marketing Management," BTS 12 (August 1927), pp. 458-464; Henry Dennison, "Scientific Management in Manufacturing Market," BTS 12 (December 1927), pp. 69-80; William O. Jelleme, "Hand to Mouth Buying," BTS 12 (February 1927), pp. 294-302.

⁶⁵Henry Kendall, "The Problem of the Chief Executive," BTS 7 (April 1922), p. 43.

⁶⁶Kendall, "The Problem of the Chief Executive," p. 43.

⁶⁷Henry Kendall, "A Decade of Development in Management," BTS 9 (April 1924), pp. 55-65.

⁶⁸Guy Alchon, The Invisible Hand of Planning: Capitalism, Social Science, and the State in the 1920s (Princeton, N. J.: Princeton University Press, 1985), pp. 3-4. See also Evan B. Metcalf, "Secretary Hoover and the Emergence of Macroeconomic Management," Business History Review 49 (Spring 1975), pp. 60-80; Ellis W. Hawley, "Herbert Hoover, the Commerce Secretariat, and the Vision of an Associative State," Journal of American History 61 (June 1974), pp. 116-140.

⁶⁹Metcalf, "Secretary Hoover and the Emergence of Macroeconomic Management," p. 61.

⁷⁰Nadworny, Scientific Management and Unions, pp. 119-121; Layton, The Revolt of the Engineers, pp. 193-194. The Waste Committee consisted of Herbert Hoover, J. Parke Channing, L. W. Wallace, L. P. Alford, George D. Babcock, William R. Basset, F. G. Coburn, Morris Cooke, Harrington Emerson, Ira M. Hollis, Edward Eyre Hunt, C. E. Knoeppel, Robert Linton, Fred J. Miller, H. V. R. Scheel, Sanford E. Thompson, John H. Williams and Robert B. Wolf. Of these 11 were associated with the Taylor Society: Alford, Babcock, Coburn, Cooke, Hunt, Knoeppel, Miller, Scheel, Sanford, Williams and Wolf.

⁷¹Person, "On the Contributions of Scientific Management to Industrial Problems," BTS 8 (June 1923), p. 118. For a discussion on the purpose and methodology employed by the Waste Committee see "Comment," BTS 7 (April 1922), p. 37; C. E. Knoeppel, "Measuring Waste in Industry," BTS 7 (April 1922), pp. 69-80; and Thomas W. Mitchell, "A Further Consideration of the Report of the Committee on Elimination of Waste in Industry," BTS 7 (October 1922), pp. 198-204.

⁷²Nadworny, Scientific Management and Unions, p. 119. Federated American Engineering Societies (FAES), Waste in Industry (Washington, 1921).

⁷³Layton, The Revolt of the Engineers, pp. 201-204; Nadworny, Scientific Management and Unions, 119-120. According to Edwin Layton: "The waste committee's report touched an exceedingly sensitive nerve within the membership of the [engineering] societies and set off a reaction against the more progressive idea of social responsibility and against the idea that engineers ought to attempt to influence public policy at all." Moreover, as Layton points out, the National Industrial Conference Board--an influential business organization--organized an extensive campaign against the waste report. This type of pressure from the employers "no doubt played a significant role in the reaction the waste report helped trigger within the engineering profession." (Layton, The Revolt of the Engineers, pp. 204, 203.)

⁷⁴Metcalf, "Secretary Hoover and the Emergence of Macroeconomic Management," p. 65

⁷⁵Person, "On the Contributions of Scientific Management to Industrial Problems," BTS 8 (June 1923), p.

118; Nadworny, Scientific Management and Unions, pp. 120-121.

⁷⁶Metcalf, "Secretary Hoover and the Emergence of Macroeconomic Management," p.64. For Hoover's assessment of the Waste Report see Herbert Hoover, "Industrial Waste," Address before Executive Board of the American Engineering Council, February 14, 1921, BTS 6 (April 1921).

⁷⁷Layton, The Revolt of the Engineers, pp. 194-195; 205.

⁷⁸The most important study of regularization practices during the 1920s was Herman Feldman, The Regularization of Employment (New York: Harper, 1925). Other important works on this subject include: Lionel Edie, ed., The Stabilization of Business (New York: McMillan, 1923); Stuart Chase The Tragedy of Waste (New York: McMillan, 1926); and Sam Lewisohn and Ernest Draper, et al., Can Business Prevent Unemployment (New York: Knopf, 1925). For a review of the regularization literature see Evan B. Metcalf, "Economic Stabilization by American Business in the Twentieth Century" (Ph.D. dissertation, University of Wisconsin, 1972), 239-251.

⁷⁹Metcalf, "Secretary Hoover and the Emergence of Macroeconomic Management," p. 71. For an analysis of Hoover's program as Secretary of Commerce see Ellis Hawley, "Herbert Hoover, the Commerce Secretariat, and the Vision of an Associative State;" Hawley, "Herbert Hoover and Economic Stabilization," in Ellis W. Hawley, ed., Herbert Hoover as Secretary of Commerce: Studies in New Era Thought and Practice (Iowa City: University of Iowa Press, 1981).

⁸⁰Alchon, The Invisible Hand of Planning, p. 77.

⁸¹Alchon, The Invisible Hand of Planning, p. 123.

⁸²"Comment," BTS 7 (October 1922), p. 169. For the Taylor Society perspective on the problem of unemployment see Harlow Person, "Scientific Management and the Reduction of Unemployment," BTS 6 (February 1921), p. 51; Morris Cooke, "Scientific Management as a Solution to Unemployment," The Annals of the American Academy (September 1915), p. 147; Cooke, "Unemployment Within Employment," Federationist 26 (November 1919), pp. 1034-1036; Edward Eyre Hunt, Scientific Management Since Taylor, chapters 1, 3, 7, 17; Henry Dennison, "The Applied Technique of Stabilization," in The Stabilization of

Business, pp. 367-396. During the 1920s the Taylor Society provided a forum for the discussion of important issues related the regularization of employment see, for example, Herman Feldman, "The New Emphasis In The Problem of Unemployment," BTS 7 (October 1922), pp. 176-182; Willford I. King, "Safeguarding Industry By Stabilizing Employment," BTS 8 (June 1923), pp. 85-95; Willard E. Hotchkiss, "Business Cycles and Unemployment," BTS 9 (April 1924), pp. 86-89; J. D. Hackett, "Remedies for Unemployment," BTS 7 (December 1922), pp. 239-242; H. Feldman, "Unemployment Compensation Plans and Labor Turnover," BTS 7 December 1922), pp. 241-242; Edgar D. Sebring, "The Unemployment Problem," BTS 9 (August 1924), pp. 17-185.

⁸³Alchon, The Invisible Hand of Planning, p. 77.

⁸⁴Metcalf, p. 63. For details of Dennison's career see Kim McQuaid, "Henry S. Dennison and the 'Science of Industrial Reform, 1900-1950,'" American Journal of Economics and Sociology 36 (1977), pp. 79-98; Edward Berkowitz and Kim McQuaid, Creating the Welfare State: The Political Economy of Twentieth-Century Reform New York: Praeger, 1988), pp. 26-31; and James T. Dennison, Henry S. Dennison: New England Industrialist Who Served America (New York: The Newcomen Society, 1955).

⁸⁵Daniel Nelson, Unemployment Insurance: The American Experience, 1915-1935 (Madison, Wis.: Wisconsin University Press, 1969), pp. 28-46. According to Nelson, "virtually all the business leaders who led the campaigns for [company] unemployment insurance were [Taylor Society] members." (Nelson, Unemployment Insurance, p. 33). For Dennison's perspective on employment stabilization see Henry Dennison, "The Applied Technique of Stabilization," in The Stabilization of Business, pp. 367-396.

⁸⁶Alchon, The Invisible Hand of Planning, p. 78-79.

⁸⁷Metcalf, "Secretary Hoover and the Emergence of Macroeconomic Management," p. 75.

⁸⁸Mary Van Kleeck, in "The Taylor Society Looks Ahead," Discussion at Conference Dinner, New York, April 28, 1927, p. 14, Cooke Papers, box 61, file 138.

⁸⁹Alchon, The Invisible Hand of Planning p. 25. See correspondence between Van Kleeck and Cooke, from July 1917 to September 1917, regarding investigation of the possible employment of women in storage warehouses during World War.

(Van Kleeck Papers, box 11, folder 182). Specifically, see Van Kleeck to Cooke, August 9, 1917, in which Van Kleeck presents a proposal for a study of women's work in warehouses. (Van Kleeck Papers, box 11, folder 182.)

⁹⁰Van Kleeck, "The Taylor Society Looks Ahead," p. 14.

⁹¹Mary Van Kleeck to Harlow S. Person, July 4, 1922. Van Kleeck Papers, box 17, folder 344.

⁹²"Remarks of Mary Van Kleeck at Annual Business Meeting of the Taylor Society," December 4, 1924, Van Kleeck Papers, box 24, folder 488. Van Kleeck remarks were published in the Bulletin of the Taylor Society see Mary Van Kleeck, "The Social Meaning of Good Management," BTS 9 (December 1924), p. 241.

⁹³Mary Van Kleeck, "The Value of Surveys, Their Organization and Management," Discussion of Edward Eyre Hunt's Paper: "Notes on Economic and Social Surveys," presented at a meeting of the Taylor Society, New York, December 8, 1927, Van Kleeck Papers, box 93, folder 1448. Hunt's paper was published in the Bulletin of the Taylor Society 13 (February 1928), pp. 23-33. For Van Kleeck's comments see "Discussion," BTS 13 (February 1928), pp. 34-35.

⁹⁴Mary Van Kleeck, "The Interview as a Method of Research," Paper presented at a meeting of the Taylor Society, New York, December 10, 1926, BTS 11 (December 1926), p. 269. For a history of the use of social science in American industry see Loren Baritz, The Servants of Power: A History of the use of Social Science in American Industry (New York: Science Editions, 1960).

⁹⁵Harlow Person, "The Manager, The Workman, and The Social Scientist," BTS 8 (February 1917), p. 7. This article was presented as a paper presented at a meeting of the Taylor Society in Boston, Mass., on March 3, 1917. For the discussion of this paper, which included among others the participation of Felix Frankfurter and John A. Fitch, editor of The Survey, see BTS 8 (December 1917), pp. 18.

⁹⁶Alchon, The Invisible Hand of Planning, p. 77.

CHAPTER V

TOWARD A POLITICAL ECONOMY OF MASS CONSUMPTION

Introduction

During the New Deal the question of recasting the political economy came to the forefront of American society. As the Great Depression undermined the institutional arrangements that had supported the development of capitalism until then, contending political-economic strategies sought to gain influence in the policy-making process. In this chapter I focus on the political struggle between two of these strategies: corporatism and Keynesianism. I will begin, however, by discussing the political rupture between Hoover and the Taylorites, and the emergence within the Taylor Society during the late 1920s of a proto-Keynesian perspective. I will also trace the Taylor Society into the 1930s to understand its relationship to the New Deal. Finally, I will examine the role played by the Society and those closely associated with it in the development of a Keynesian political-economic order.

Proto-Keynesianism

During the 1920s the Taylor Society and its associates played an important role in the development of Hoover's

campaign to create a macroeconomic management system. This campaign, as I have shown, was based on a microeconomic approach to macroeconomic stability. It involved, according to Guy Alchon, the creation of a planning apparatus conceived as "a middle way" between "statist collectivism" and "laissez-faire." In this "middle way", the role of the state was limited to providing information and guidance to individual businessmen concerning their microeconomic decisions, in the hope that this guidance would influence their decisions and contribute to the stabilization of their firms. As such, this strategy relied heavily on the expertise and authority of management engineers and social scientists.¹ Thus, the prominent role played by the Taylorites.

For the Taylor Society, Hoover's campaign represented an opportunity to expand the application of scientific management to new areas and a recognition of the importance of Taylorism as a tool for resolving social problems.² Their alliance with Hoover was based on the recognition by both parties of the need to apply "the engineering method" to social problems. Despite the close collaboration between the Taylorites and Hoover, their alliance began to unravel toward the end of the 1920s. By 1932, with the election of Franklin D. Roosevelt and the launching of the New Deal, the

differences between these two groups had become irreconcilable and their political collaboration came to an end.

The severing of the Taylorite-Hoover alliance was the result of several factors. First among them was that during the late twenties leading members of the Taylor Society became increasingly critical of Hoover's program and consequently begun to develop political relationships with individuals who espoused a different political-economic strategy. By 1927, for example, Mary Van Kleeck--who as member of the Business Cycle Committee had defended a stronger role for the federal state in the prevention of unemployment--began to distance herself from Hoover and his strategy. Van Kleeck was particularly concerned with the problem of growing unemployment within the context of general prosperity. For her, this situation was indicative of structural problems in the economy, and also a signal of the failure of Hoover's macroeconomic strategy.³

As Van Kleeck grew increasingly skeptical, she became--along with Frances Perkins--one of the most prominent critics of President Hoover's unemployment policies. Specifically, both Perkins and Van Kleeck were sharply critical of the optimistic figures on unemployment put forward by the Hoover administration--figures that did not correspond to the ones

generated by state agencies and private firms.⁴ This type of "statements from the White House," Van Kleeck wrote in 1930, "give evidence of a disappointing opportunism in political leadership, rather than [the] sober grappling with realities which is characteristic of engineering."⁵

In 1928, as part of her efforts in favor of a more comprehensive collection of unemployment statistics, Van Kleeck advised Senator Robert F. Wagner on his bill to expand the Bureau of Labor Statistics. This bill increased the appropriation authorized for the Bureau by \$100, 000 "so that it might extend its report to include statistics on part-time as well as total unemployment, based on data obtained not only from a large number of manufacturing industries and railroads but also from the mining, construction, agricultural, transportation, and retail and wholesale trade industries."⁶ For Van Kleeck and other like-minded individuals, this bill represented the culmination of a long (and until then unsuccessful) attempt to develop a more adequate process of collecting unemployment statistics. What Van Kleeck and the others could not accomplish under Hoover's macroeconomic management system, they sought to achieve through Wagner's legislation.

Furthermore, by the late 1920s Van Kleeck had become openly critical of Hoover's conception of the relationship

between the state and the economy. At a meeting of the Taylor Society in December 1928, she strongly criticized American businessmen for their attitude toward the state:

Why is the American business man so gun-shy of the state?...How much do we do in a free kind of constructive thinking about the relationship of the state to industry?...Is it not about time we began to think of [the] problems of industry as not stopping with the factory door, and least of all, not stopping with the door of the particular manufacturer? Is it not about time we...consider what is the particular function of the state which can best serve the entire plan of the community?⁷

Van Kleeck's comments, however, were not directed exclusively at the business class. They were intended also as an explicit criticism of the political leadership of the country--including the "engineering political leaders" (an obvious reference to Hoover)--for promoting this attitude among the businessmen. In an indictment of Hoover's understanding of the relationship between the state and the economy, Van Kleeck said:

If, of course, we are continually, in the mood of saying, as do our great political leaders--even engineering political leaders--'Beware of state socialism,' and 'Beware of politics in business,' and 'Let us maintain the individual initiative of the American businessman;' if we are going to be controlled by formulae like that, and are going to be so gun-shy of any legislative proposal, we shall get just the kind of limited, negative legislation that industry is continually complaining of.⁸

Van Kleeck's critique was shared by Taylor Society members, such as industrial consultant Ordway Tead, who

welcomed "every scientific management study which [helped] define and characterize the severe limitation under which the competitive process inherently works [and helped] to destroy the hold on business men's minds of such now compelling slogans as 'less government in business,' and 'competition is the life of trade.'"⁹ Although this was still a minority perspective, it foreshadowed the ideological direction that the Taylor Society would take during the 1930s.

Also significant, in this context, was the distancing of Morris Cooke from Hoover. By 1928 Cooke, who had earlier called Hoover "the engineering method personified," was openly critical of the presidential candidate. In October of that year, Cooke wrote to Felix Frankfurter explaining why he became disenchanted with Hoover and would not support him for President:

On at least four different and very important matters he [Hoover] has gone back on views previously held and taken up with the views held by those who control the newspapers and other big interests. He isn't as smart as I hoped he would prove.¹⁰

Kenneth E. Trombley, Cooke's official biographer, confirms the reasons behind Cooke's break with Hoover: "Cooke [thought] that generally Hoover did an excellent job as Secretary of Commerce. During this period [Cooke] represented his state on a committee

set up by Hoover to study electrical questions, which had afforded him an opportunity to observe the Secretary at first hand. They soon broke, however, for Hoover consistently backed the private power interests."¹¹

In 1931, following his break with Hoover, Cooke was appointed by Governor Franklin D. Roosevelt to serve as a trustee on the New York State Power Authority.¹² In this capacity, he established a close political relationship not only with Roosevelt, but also with Frances Perkins and other key figures in Roosevelt's state administration. This experience enabled Cooke to establish a new political alliance and to become an integral part of a political milieu that would play a crucial role during the 1930s. According to Jean Christie, Cooke "looked forward early to [Roosevelt's] nomination and election to the Presidency, and in 1932, clinging to his useful standing as a Republican, supported him as an 'independent.'"¹³ Along with Cooke, a group of prominent businessmen linked to the Taylor Society--including Henry Dennison, Henry Kendall, E. A. Filene, and Morris Leeds--endorsed Roosevelt and subsequently became strong supporters of the New Deal. This endorsement confirmed the final political rupture between the Taylor Society and Hoover.¹⁴

A closely related factor in the demise of the Taylorite-Hoover alliance was the emergence within the Taylor Society of a proto-Keynesian political-outlook. Between 1927 and 1929, discussions in the Taylor Society focused on the problem of "the maintenance of economic balance." Increasingly, however, the debate on this question began to transcend the boundaries of the consensus built around the Hooverian approach to macroeconomic stability. At a conference dinner held in 1927 and attended by the directors and guests of the Taylor Society, Henry Bruère, vice-president of the Bowery Savings Bank, asked: "Is it true, since we have so much prosperity, that the secret of prosperity is mass production and rising purchasing power? Have we at last discovered the magic circle? If that is true, what are we doing about it?" Bruère's questions reflected a growing concern within the Taylor Society about the ability of Hoover's program to maintain economic balance and sustain prosperity. It reflected also an emerging proto-Keynesian perspective which was developing within the society during the late 1920s.¹⁵

Such a perspective went beyond Hoover's strategy for macroeconomic stability. It involved a developmental or growth-oriented strategy based on high wages and rising consumption norms. As Wilfred Lewis, president of Tabor

Manufacturing Company, expressed in a paper titled "Master Planks in the American Industrial Program," presented to the Taylor Society in December 1927:

It has become increasingly plain that high wages are fundamental to American prosperity. Some economists have suggested that high wages are the strongest incentive to lower costs of production and distribution. But at the same time that the high payroll brings pressure to bear on the management to increase production and decrease costs, it is also increasing the purchasing power of the consumers and sustaining or increasing the market for goods...¹⁶

This strategy clearly linked high wages to increasing productivity and the expansion of mass consumption. In his paper, moreover, Lewis presented four major planks for industrial development: (1) to raise living standards by increasing real income through improvements in production and the cheapening of products; (2) to increase the high level of wages still more and to link these high wages to increases in productivity; (3) to improve the production and distribution of goods through co-operation between management and workers; and (4) to stabilize employment--by keeping "men and machine fully occupied."¹⁷ These four planks summarized the aims of the Taylor Society during the late twenties. They constituted not only the outline of an industrial development program, but also, more importantly, they pointed toward the emergence of a full-fledged "Keynesian" macroeconomic strategy.

The proponents of this strategy had a clear understanding of the effects it would have on the macroeconomy. Specifically, they argued, their policies would promote economic growth and prosperity for the country. As Henry H. Williams, of the R. T. French Company in Philadelphia and a Taylor Society member put it:

If the purchasing power of the workers of this country should increase twenty five per cent it would not be difficult to predict what would happen in many industries. The demand for automobiles would undoubtedly increase in an enormous way. The building of new living quarters for a vast section of our population would be immediately undertaken and the industries affected by such construction would prosper. All sorts of electrical appliances and conveniences would have their sales augmented...¹⁸

William's analysis was significant in at least two ways. First, he articulated his explanation in terms of the "multiplier effect" this strategy would have on the performance of the overall economy. In doing so, he was expressing his analysis in terms later made famous by Keynes himself. Put differently, what Williams expressed here was a central aspect of what would subsequently be known as Keynesianism. Second, his analysis focused precisely on the effect of this strategy on the three commodities, house, and electro-domestic appliances--that would become the mainspring of "Fordist" economic growth during the post-World War II period.

In William's view, two obstacles stood in the way of the development of this strategy based on high wages and mass consumption. The first, was the fact that the majority of the managers and capitalists strongly opposed the policy of high wages. They are, he stated, too concerned with making a short-term profit: "It matters not that almost all industrial enterprises will ultimately benefit by [this policy]. The question is what will be our earnings next month or next quarter?" For these managers and capitalists, wages were no more than costs for capital; lower wages meant lower costs. For Williams, however, wages were not just a cost but also an outlet for mass production. High wages, he argued, were a way of increasing the workers' purchasing power and expanding mass consumption. This, in turn, would ensure continuous economic growth and prosperity. Low wages might benefit capitalists in the short-run by increasing profit margins, but in the long-run they had the negative effect of restricting consumer demand and halting prosperity.¹⁹

The second obstacle was the weakness of organized labor. According to Williams, despite its efforts, organized labor had failed to achieve its aim of increasing real wages in step with increases in productivity:

While productivity and the income of the United States have greatly increased in the last few years, real wages have increased little, if any. In new and advancing industries where rapid progress in

production methods makes increased wages possible, labor is not apt to be strongly organized, as witness the automobile industry. On the other hand, in the textile industry, where no considerable improvement in machinery has been made for many years, labor is fairly well organized. Labor is strong where it can accomplish the least.²⁰

Although Williams recognized the social and economic implications of organized labor's weakness and suggested the need for a better form of organization, he did not discuss how it might be accomplished. However, other proto-Keynesians within the Taylor Society, such as Morris Cooke, did address this crucial issue.

In his 1928 presidential address to the Taylor Society, Cooke called for management to visualize labor unions as "a deep social need" and to assist in their development:

The interest of society, including those of the workers, suggest some measure of collective bargaining in industry to the end that the weaker side may be represented in negotiations as to hours, wages, status and working conditions. Collective bargaining implies the organization of workers on a basis extensive enough--say nation-wide--as to make this bargaining power effective...If labor organizations are in fact desirable social agencies and essential to the orderly conduct of industry, they logically come within the field of management. It therefore becomes part of our task to discover all necessary outlets for the energy and spirit of the grouped workers and to aid in the cultivation on the part of management and labor of those newer disciplines which will effect the maximum co-operative effort.²¹

Trade unions, Cooke contended, were necessary as a form of "balance of power" between capital and labor. They should be

seen as a way to ensure workers of "a fair bargaining position so that they can safeguard themselves, and society on occasion, in the proper distribution of the rewards of productive enterprise and, of increasing importance against the ineffectiveness and inefficiency of those who control through their property rights." The key problem of industry, Cooke concluded, was to discover how to give unionized workers "a functional place in the industrial process."²² That is, how to incorporate unions effectively into the process of production. "What we want," Cooke stated, "is to set up an integrating process which will tend to unite us in a common purpose."²³

In 1931 the Taylor Society, led by Cooke, drafted an "industrial code" that sought to address the problem of "human relations and working conditions in industry". The code stated that "unprejudiced study of the most effective forms of organization of labor for functioning in relation to management as a science is an obligation resting upon progressive managers, in the interest of good management as well as in recognition of the importance of satisfactory human relations in industry."²⁴ Furthermore, the Taylor Society industrial code defended the right of workers to collective bargaining:

Labor's right to recognition as a party to collective agreements is now, in this country,

so widely recognized as to be generally beyond debate in theory and beyond contest in practice. That right may be exercised through various forms of organization which can, however, perform the function of representing the employees only if control of the workers' organization rests fully and really with the workers. With whatever form of workers' organization an employer must deal...Any condition of the work contract binding the workman not to join an independent (standard) labor union is to be deprecated...²⁵

Notwithstanding what this document stated, the position of the Taylor Society on labor organizations was not shared by most employers and managers in the United States. More specifically, most capitalists and management strongly opposed collective bargaining and labor unions, and it was this opposition in combination with the weakness of organized labor which posed a serious threat to the proto-Keynesian "path to prosperity."

Unlike Hoover's program, the aim of the proto-Keynesian strategy was not to stabilize production, but to expand it. This view was clearly articulated by H. B. Brougham, an economist linked to the Pollack Foundation for Economic Research, who presented a paper to the Taylor Society in December 1927.²⁶ Brougham criticized Hoover's policies concerning the stabilization of production. These policies, as expressed by Hoover's Committee on the Elimination of Waste in Industry, were the following: (1) "productive capacity should be conservatively based upon a careful study of normal demand;" and (2) "production schedules should be

based on a carefully formulated sales policy, determined from an intensive study of markets, thus stabilizing production."²⁷ In Brougham's view, these policies should be turned "inside out" and replaced by new ones focusing on the expansion of production, not on its stabilization. As proposed by him, the proto-Keynesian policies concerning production would read as follows: (1) "normal demand should be based on a careful study of productive capacity, and should be steadily increased as capacity to produce increases;" and (2) "the aim is not to stabilize production, but to expand production, and to remove any purely monetary hindrance to that expansion by providing that markets be supported by an always adequate purchasing power." In short, according to Brougham, "production would not be stabilized, but mobilized with a view constantly to raising the standard of living."²⁸

As Wallace Clark, a management engineer and Taylorite pointed out, one of the most important problems facing American industry during the interwar period was "to determine whether to reduce productive capacity until it matches effective demand for goods or to increase the purchasing power of consumers to keep pace with a productive capacity that is constantly growing."²⁹ A key difference between Hoover's program and the proto-Keynesian strategy

espoused by Brougham and others closely associated with the Taylor Society was their response to this problem. Whereas Hoover's favored the first option, that is, reducing productive capacity until it matched effective demand; the proto-Keynesian perspective aimed at increasing purchasing power and expanding production. "To the engineering mind," argued Clark summarizing the proto-Keynesian view, "the solution of this problem inevitably lies in the increasing of purchasing power, for it is inconceivable that the expansion of American industry can be arrested."³⁰

However, Brougham warned, a serious problem related to the expansion of American industry was the tendency to increase productive capacity while simultaneously displacing more and more wage earners. Given this situation, should the expansion of production be left to "the play of competitive forces" or should it be planned in the interest of the nation? Moreover, how were workers to maintain, let alone increase their purchasing power, if they were left unemployed and cut off from the source of their purchasing power? First, Brougham answered, prosperity must be planned. More specifically, effective demand must "be adapted, controlled, and graduated" in correspondence with the constant expansion of production. Not to do so would be to "surrender to the blind forces that have hitherto ended our brief intervals of

prosperity."³¹ The answer to the second problem was the development of a program of public works on an extended scale, which could provide displaced workers with alternative employment and thus with a renewed source of purchasing power.³²

Such a program of public works would not only provide displaced workers with employment, it would also generate new jobs and spur new economic activity. Moreover, Brougham argued, its adoption in the summer of 1920, when there were increasing signs of economic troubles, would have averted the 1920-1921 depression during which American industry suffered 20 billion dollars in losses. As he put it:

The [influx of public expenditures]...would have circulated like a transfusion of new blood through all the veins and arteries of industry. New purchasing power could then flush out the congested areas of surplus goods, and with renewal of demand yet more credits would have flowed spontaneously into productive works. Instead of the dead loss of twenty billions in idle and depreciated plant and products, with unemployment and business stagnation, new public works would be set up and in use to balance the added bonded indebtedness, and prosperity would be prolonged with fresh business expansion.³³

The implications of Brougham's analysis were self-evident. If the country was to avoid a repetition of the 1920-1921 economic crisis, prosperity must be planned--meaning that purchasing power must rise in accordance with increases in productive capacity, and that public works must be expanded to provide the growing numbers of displaced workers a new

source of purchasing power. Anything short of this program would be an invitation for another crisis. The Great Depression dramatically confirmed Brougham's.

By the end of 1927, then, a distinct proto-Keynesian perspective had emerged within the Taylor Society. Such a perspective involved a growth-oriented strategy based on high wages and rising consumption norms. Its aim was not "to stabilize production, but to expand production", and to support that expansion by sustaining or expanding the markets for goods via "an always adequate purchasing power." This perspective not only went beyond Hoover's program for macroeconomic stability, it also prefigured some of the central aspects of the post-World War II Keynesian/Fordist developmental model. Missing from this perspective, however, was a more precise and elaborate understanding of the role of the state and of the unions in the development of a mass consumption political economy. Such an understanding would only develop during the early 1930s.

The onset of the Great Depression finally brought the Taylorite-Hoover alliance to an end. Two circumstances prompted the dissolution of that alliance. The first was the obvious failure of Hoover's macroeconomic management system to prevent the depression itself. The second was what Evan Metcalf calls "President Hoover's persistent reliance during

the Great Depression on business initiative as an alternative to government action to support investment and employment, despite evidence of its failure."³⁴ In June 1932, a Taylor Society document calling for a conference to discuss "the challenge of the economic situation" publicly criticized the policies adopted by Hoover's administration to face the depression:

The situation after two and one-half years of depression is one of "stabilized" depression." Certain measures which have been adopted have retarded deflation--possibly for the time being stopped it. But there have not been adopted measures designed to stimulate business activity, either directly as through public works disbursement of purchasing power or indirectly as through manipulated general price increases. It is doubtful whether the only proposed measure within Congress which has a chance of adoption [the Wagner relief and public works bill] is sufficient to serve as a stimulus. Apparently public policy has been governed by the belief that the outcome should be left to automatic adjustments with their waste of productive capacity and acute suffering.³⁵

This conference was one in a series--the others took place on July 7 and August 18--organized by the Taylor Society to discuss the depression. The purpose of these conferences was to elaborate a programmatic response to the depression and to influence public policy. In November, as part of these discussions, the Taylor Society created a special committee composed of 15 members of the conference group to prepare a "plan of action" to confront the economic situation. In a memo to Sanford E. Thompson, Harlow S.

Person explained that: "The purpose of this committee is to consider and revise a program of positive action for presentation to the New Administration and to Congress...All of us are aware that the struggle has begun between the forces of liberal action and the forces of conservative action to secure dominance in the next Congress. Any influence we may hope to exert should be made promptly."³⁶

According to Thompson and Person, president and managing director of the Taylor Society respectively, the Hoover administration was not only taking inadequate steps to confront the depression, it was also undermining the measures which could provide some relief, such as the bill introduced by Robert Wagner to extend relief through a public works program. The response of Hoover to Wagner's bill, the Taylor Society leaders argued, amounted "to an emasculation of the bill (1) by reducing the funds available and (2) by substituting Treasury financing for bonds issues, thereby eliminating the most hopeful features of the bill--a moderate reflation."³⁷ As a consequence of this action, Thompson and Person concluded:

It now seems apparent that a public works program will not serve as an immediate, direct and bold stimulus to resumption of business activity. The purchasing power which it is hoped public works would distribute among wage earners cannot register its effect for many months, and is then likely to be to slight for the situation which will have developed by that time.³⁸

In short, Hoover's policies had failed. As William G. Schluter, professor at the Wharton School of Finance and Commerce and a close associate of the Taylor Society, pointed out in a document circulated among the participants of the "Economic Conference" sponsored by the society, the basic problem of the depression was the lack of consumer demand and this problem was not being directly attacked by Hoover's policies:

The current depression is primarily a consumer's crisis. It can only be remedied by easing the indebtedness of consumers and increasing their current and prospective future incomes. This consumer's crisis has been so destructive and has gone so far that it will not be immediately solved, nor corrected for sometime if reliance is placed only on possible increase in production activity under private initiative...[A] decisive stimulation for [the recovery and increase in consumer's income] must come from other sources...The United States Government is the only super-agent with the sufficient credit to provide this stimulation and break the continuous vicious cycle of declining prices, production and incomes.³⁹

It was the persistent emphasis on private initiative--along with the failure of Hoover's program to prevent the depression in the first place--which led Cooke and other prominent members of the Taylor Society to endorse Roosevelt in 1932 and to support the New Deal.

In July 1932, the leadership of the Taylor Society discussed a draft of an open letter to Hoover, which proposed a 3 point relief program. The program, as drafted by Person, called for: (1) a deliberate inflation of the currency--to

raise general prices and provoke a resumption of business activity, (2) the extension of a broad and comprehensive program of public works to distribute social purchasing power, and (3) the establishment of a national economic council--to make studies and recommendations for the economic development of the nation.⁴⁰ In the conclusion of the letter to Hoover, Person stated:

This is a specific program which we recommend you...It requires leadership, an obligation which the organization of our government imposes on you. If you assume bold leadership along these lines the Congress and the citizens of the United States will follow. Both the Congress and the citizens have followed willingly and helpfully when definite constructive, promising lines of action have been indicated. They stand ready to follow along bolder lines...We can be masters of our economic destiny. All that is needed is imagination, boldness and a definite plan...⁴¹

Hoover, however, failed to provide the leadership, or the program necessary to get the country out of the depression. As a result, the Taylor Society backed Roosevelt in the hope that he would provide the "imagination," the "boldness" and the "definite plan" that the economic situation required. Roosevelt's plan, as it turned out, was the New Deal. The Taylor Society not only supported this plan, but, as I will show below, helped to develop it. Underlying the Taylor Society's support was the understanding that the New Deal provided the mechanisms through which society could become "master of its own economic destiny."

Corporatism vs Keynesianism

During the early 1930s two political-economic strategies--corporatism and Keynesianism--contended to become the dominant approach guiding the New Deal policies. Morris Cooke, Harlow S. Person, and other leading members of the Taylor Society were part of the political network--which included figures such as Felix Frankfurter, Robert F. Wagner, Frances Perkins, Robert LaFollete, Jr., Sidney Hillman, and George Soule--that put forward a Keynesian strategy based on the expansion of mass consumption via the intervention of the state. This Keynesian elite was critical of the corporatist program, promoted by businessmen such as Gerard Swope and Henry I. Harriman, and embodied in the National Recovery Administration, which sought to limit production, fix prices and minimize the role of state. The Keynesians advocated, instead, an expanded role for the state in regulating the economy; policies that would increase social purchasing power and mass consumption; and the enactment of the more radical social reforms of the so-called Second New Deal, such as the Wagner and Social Security Acts.⁴²

It should be noted that both of these strategies were advanced not just by different political networks, but also by different blocs of capitalists. As Steve Fraser points out, the corporatist strategy was promoted by a more

traditional business elite linked to the railroads, public utilities and producer goods. Harriman and Swope, for example were both linked to public utilities. The Keynesian strategy, on the other hand, was advocated by a network of manufacturing, retailing and financial interests closely linked to mass consumption of durables and light durables. Mass urban merchandisers such as Filene's and Macy's and mass consumption-oriented banks like the Bowery Savings Bank were prominent supporters of Keynesian strategies. The corporatist bloc was plagued by overproduction, older technologies, foreign competition and indebtedness, while the Keynesian bloc was concentrated in newer and expanding mass consumption-oriented industries. Finally, the corporatist bloc favored cartel-like arrangements to restrict production, while the Keynesian bloc was concerned above all with expanding mass consumption through the intervention of the state.⁴³

Led by Cooke and Person, the Taylor Society played an important role not only in the development of the Keynesian strategy, but also in the political struggle against corporatism. The struggle between Keynesianism and corporatism, which took shape early in the 1930s, centered on several issues that had strategic significance for the development of American capitalism. Key among these was the question of the nature of the Great Depression. For corporatists, the depression was caused largely by an

overextension of productive capacity, which resulted from "blind competition." This perspective was expressed by Henry I. Harriman, vice-chairman of the New England Power Company and prominent member of the Chamber of Commerce of the United States, in a paper presented to the American Economic Association in 1932:

Business produces because of its desire for profit. Possibilities of greater profit induce speculation and overproduction. These, in turn, bring about a surplus of goods, a corresponding lowering of prices, and finally the disruption of business and unemployment, with resultant underconsumption. The accumulated surplus of the previous period of expansion is exhausted; as a result, production is resumed and there is a return to prosperity and employment; and thus the upward and downward swings are continued. While we cannot expect with our present knowledge and experience to prevent recurring depressions, let us hope that the depths of the valley of future depressions may be reduced by avoiding preceding periods of overexpansion and undue speculative activity.⁴⁴

Harriman's assessment provided not only an explanation of the causes of the depression, it suggested also the elements that defined corporatist economic recovery policies: the restriction of production and the self-regulation of industry.

For Keynesians, on the other hand, the depression was a crisis of underconsumption, not of overproduction. As Leonard Kuvin, an economist from the Index Number Institute, pointed out at a meeting of the Taylor Society in December 1929:

The real obstacle to the employment of all available man power in this country is the lack of proper

mechanisms to engage the productive capacity now idle and the absence of adequate means to stimulate demand from our own consuming population. Far from overproducing in the social sense, American industry and the American people suffer from a chronic condition of industrial underproduction. Their powers of consumption are limited in a large measure by their lack of incomes. The bulk of the nation's income is lodged in the hands of a minority of potential consumers.⁴⁵

The problem, in Kuvin's words, was that the bulk of the U.S. population received "a disproportionately small share of the nation's income;" and consequently, "the greatest possible market for American manufactured goods [was] stifled by a lack of purchasing power." Further aggravating this situation, Kuvin stated, was that "[f]unds that should be paid to labor to nourish consumer demand [were] put back into unused equipment."⁴⁶ In short, the problem was the lack of social purchasing power, not the overexpansion of productive capacity. The solution, therefore, lay not in restricting production, but in increasing purchasing power. This, in turn, entailed a dramatic redistribution of the nation's income.

Ralph E. Flanders, chairman of the American Engineering Council's committee on the balance of economic forces and a friend of the Taylor Society, concurred with Kuvin's analysis. In Flanders' view, the depression was not due to a situation of general overproduction:

I...feel that general overproduction has not yet existed in this country. It is conceivably possible; but if one rides on a railroad train, say through scattered sections of this country, or if one walks about the streets of a great city, he sees

millions of people who are living far below the possibilities of material enjoyment. Realizing that material enjoyment is not the sum total of human happiness, yet it is quite evident that a vast amount of material well being is possible which we have not yet attained; so that, looking at the thing in the broadest way, I think it is safe to say that general overproduction has never been reached in this country.⁴⁷

Flanders conceded that there were cases of "special overproduction," such as the cases of wheat and cotton in agriculture and the soft-coal industry, but these were particular instances and not indicators of a condition of general overproduction.⁴⁸

Drawing on Keynes and Hobson, Flanders argued that the depression was a crisis caused by:

the fact that purchasing power does not equal the productive capacity, due mainly to the fact that the results of industry, manufacture, transportation, and so forth, on the whole have gone too largely into the hands of those who invest rather than spend, and too little into the hands of those who ordinarily would spend rather than invest."⁴⁹

Put differently, the problem was that "too large a proportion of income from business" was in the hands of "those getting the higher salaries and dividends," and "too little" went "into the hands of the workers on lower salaries." This produced a crisis of underconsumption. The way out of this situation was to increase the purchasing power (and thus income) of workers so that they could increase their capacity to consume. One way to achieve this was through "capital investment in the form of new manufacturing buildings, new machinery, bridges,

highways, dwellings houses, office buildings," and "anything that goes under the general category of capital goods."⁵⁰

A crucial factor that led to the onset of the depression--according to George Soule, editor of the New Republic and close associate of the Taylor Society--was the failure of industry to carry out the policy of high wages. As Soule explained, this theory was based on the understanding that:

Industry fosters very rapid technical improvements by the use of which more production can be turned out with less effort. This means the lowering of labor costs per unit of product. Now that result can be an increase in wages or a lowering of prices or an increase in profits...[I]f, when productivity advances you give the workers the benefit, largely through the increase of money, wages, or reduction of prices, then the workers will be in a position to buy back a large part of the increased product that is produced as a result of the technical advance, and that is good for industry. But if you do not give the wage worker the benefit you may find difficulty in disposing of your product because those who share in profits are not so likely to buy the products of our great mass production industries, which are set up on the basis of manufacturing goods used by the general population.⁵¹

The failure of American employers to adopt this doctrine, Soule argued, contributed to the depression in two ways, one direct and the other indirect. It kept wages low, thus limiting the consumption capacity of the workers and preventing them from absorbing a much larger percentage of the consumer goods being produced by the mass production industries. Moreover, it contributed indirectly--via the

increased earnings of industry that were not shared with labor--to rapidly rising profits, which overstimulated speculation in the securities market.⁵²

Finally, Soule warned, American industry would be incapable of adopting a high wage policy as long as it remained organized on a individualistic and competitive basis:

The automobile manufacturer, for instance, may know that it is to his advantage that the whole population should be able to buy automobiles. He has the power to increase only, however, the wages of the workers in his own factory, and he can not find a market for his whole product among his own workers...The policy has to be applied by all of the employers at once or by a very large section of them to be effective. On the other hand, the competitive nature of our market creates a continued pressure in favor of lower production costs and sends the wage rate down...Those are things that everybody can see at work if he uses his common sense; consequently, mere good will on the part of the big employers can not keep wages advancing.⁵³

In short, Soule did not believe that the action of individual employers would succeed in bringing about a policy of high wages. To ensure the adoption of this policy, thus, industry would have to be reorganized under new principles and the state would have to play a more active role regulating the economy.

In April 1932 the Taylor Society presented for discussion among business and management circles a programmatic document entitled: "Action Toward Business Recovery." The document, which was drafted by the president and the managing director of the society with the

advice of a number of businessmen and economists, adopted an underconsumptionist perspective in line with the analyses developed by Kuvin, Flanders and Soule. It recognized that a primary cause of the depression was the failure of purchasing power to keep pace with the increase in production. Specifically, it stated that:

During the period from 1925 to 1929 there was an increasing supply of capital for investment. This was derived from profits in business; from promotion of new enterprises; and from investment of surplus by the public in general. This capital for awhile was absorbed by manufacturing developments, such as the automobile; by construction activities; and by foreign investments. All of these, except the last transferred money to the people who were buying goods...Buying power was also temporarily accelerated by installment buying and credit arrangements. But as the needs for capital became less it was used more and more for uneconomic purposes or became actually stagnant. This money which should have been directed to purchasing power of goods was made unavailable. Demand for manufactured goods as well as construction became less and less. Failures of banks and business institutions took place, unemployment and distress among workers, reduction of wages among those remaining employed, and a general impairment of the standard of living.⁵⁴

The document, moreover, criticized reductions in expenditures for public improvements as counter-productive, and called for drastic governmental action "designed deliberately to direct money and credit into channels whereby they will become both a stimulant and a means to consumer purchasing."⁵⁵

By 1932, then, two schools of thought concerned with the nature of the depression had emerged. One focused on

the problem of overproduction, and the other on underconsumption and the lack of purchasing power. Each of these interpretations, moreover, entailed a very different understanding of the policies necessary to get the economy back on its feet. Nowhere was this more evident than in the issue of national economic planning. Although both corporatists and Keynesians favored national planning, they attributed very different meaning to that concept.

Corporatists, such as Gerard Swope of General Electric and Henry Harriman of the Chamber of Commerce, advocated a planning scheme based on separate, autonomous industries under minimal government control, and coordinated by trade associations.⁵⁶ The principle underlying this plan, according to Swope, was that:

Trade associations in America are the natural organizations to study the economic elements of each particular industry. Each trade association should hold itself responsible for the coordination of production and consumption to stabilize its industry, with the consequent benefits to the employees and to society. The trade associations, working out their problems in the stabilization of industry, would then be the foundation stones upon which to erect the superstructure of [a] national economic council...⁵⁷

The primary purpose of such a planning scheme, according to its proponents, was "to balance production and consumption." As Harriman stated, "[o]nly through a proper co-ordination of production and consumption can a sane, orderly, and progressive economic life be developed." However, what corporatists meant by "balancing production

and consumption" was not adjusting consumption to production, but just the opposite. In Harriman's words:

Producers in general would prefer to gauge their output to the consuming capacity of the country and divide the volume of such production among the different units of industry on a equitable basis, rather than to continue the present harsh and unremunerative competitive system, but this they cannot attempt today because of the ever-present risk of incurring penalties under antitrust laws which, suitable as they may have been for economic conditions of an earlier day, are not in consonance with the present-day needs of industry.⁵⁸

Put differently, the objective of the corporatist planning scheme was to restrict production. To accomplish this objective, furthermore, corporatists called for the modification of antitrust laws to allow businessmen "to enter contracts for the purpose of equalizing production to consumption." That is to say, to allow the limitation of production.⁵⁹

The differences between the corporatist strategy proposed by Swope and Harriman and the one advocated by Keynesians came into sharp focus during the Hearings on the Establishment of a National Economic Council. These hearings--which were convened by the Senate Subcommittee on Manufactures and were chaired by Senator Robert LaFollette--took place between October and December 1931.

According to Steve Fraser, the hearings were planned by a small group that included, among others LaFollette, George Soule of the New Republic, Sidney Hillman of the Amalgamated Clothing Workers, and Harlow S. Person of the

Taylor Society. The objective of this group was to neutralize the influence of the corporatist planning scheme and to provide a forum for the Keynesian approach. To this effect: "[t]he group discussed who was to testify and what questions were to be asked. They designed the sequence of testimony so as to first display the ideological and programmatic exhaustion of the business community, and then to follow with 'expert' analysis by friendly economists and industrial engineers so as to provide the 'scientific' basis for the [Subcommittee's] ultimate political recommendations." These recommendations focused upon the establishment of a government sponsored national economic council composed of representatives of industry, finance, agriculture, transportation, and labor.⁶⁰

Harlow S. Person, managing director of the Taylor Society, presented a key testimony at these hearings. Person criticized trade associations on the grounds "that they had little or no influence on the stabilization of industry generally"; defended the establishment of a national economic council or government planning agency "with the power to require all industrial enterprises" to provide the information pertinent to the task of economic planning and to make recommendations for legislative action to the Congress; and called for the regulation of the rate and amount of investment of new capital in industry.⁶¹

Furthermore, in an exchange with LaFollette--which exemplified the way the hearings were set up to undermine the corporatist planning scheme--Person rejected the notion of restricting production as a central objective of economic planning:

The Chairman. As you conceive the problem [of planning], do you believe that the principal goal to be obtained is the control or reduction of production?

Doctor Person. No. While I do not accept the broad statement that human wants are limitless and insatiable for the simple reason that a day has only 24 hours, I do accept as a basis for present policy the statement that human wants are not adequately satisfied, and that the trouble is not overproduction in terms of human wants, but lack of balance of production in terms of specific wants.

The Chairman. I gathered from a reading of the report of the chamber of commerce committee on continuity of business that it reflects an attack on this problem on the part of business men which is largely directed to the problem of curtailing or quotaing of production. It is manifest in their emphasis on the importance of changes in the Sherman antitrust law which are directed largely to the legalization, so to speak, of contracts for the curtailment of production. While that suggestion may or may not have merit--I am not passing on that now--I was anxious to get your reaction to the problem because it seems to that we would make a great mistake if we placed our emphasis, if we concentrated on the objective of attempting to reduce production in a systematic way rather than attempting to consider at the same time ways and means of increasing consumptive power and of supplying the demands of the consumptive power as it is increased.

Doctor Person. I agree with the Senator. I think it would be quite wrong to make curtailment an objective. I will concede that in accomplishing, let us say, the objective of satisfaction of human wants as they develop in a balanced manner there might be for a period relative curtailment in certain commodities and extension in others. But as to the total of production, I think if we can achieve some manner of increasing consumptive power--

-let me put it rather, demand power, effective demand power--and adjust our production to it, it would result in an increase in productivity generally. Within this increase adjustments might require decreases in certain lines.⁶²

To Keynesians, then, the objective of economic planning was not to restrict production, but rather to increase purchasing power, expand mass consumption and utilize the maximum possibilities of the productive capacity of the nation. As economist Lewis Lorwin put it:

...economic planning...means the coordination of economic activities in such a manner as to use our resources in a collective way in relation to a continuously rising standard of living. Unless demand is prompted and systematically developed, so as not to remain stagnant, but to become more extensive in scope as well as higher in quality, we have got somehow to restrict output; but if we are able to maintain an increasingly productive equipment we must develop our demand, too. Economic planning consists in balancing, not a stationary production with a stationary demand, but in balancing a progressively developing technique with a progressively rising standard of living...⁶³

Put differently, Keynesians did not share the vision of a static balance between production and consumption which underlay the corporatist economic program. They did not believe that the task of the day was to maintain a "mature" economic machine. They advocated, instead, a growth-oriented program centered on the expansion of mass consumption and "a progressively rising standard of living."

The implications of such a program were developed by Mary Van Kleeck in her testimony at the LaFollette

hearings, which focused on a critique of "the Swope Plan" for industrial self-regulation.⁶⁴ Van Kleeck acknowledged that Swope had made a positive contribution by proposing a planning scheme that called for employees' participation and Federal supervision of industry. However, she argued, the Swope Plan failed to go far enough in either direction. First, under this plan employees' participation was limited to the administration of pension, disability and unemployment funds. Workers' participation, therefore, was not extended to the more important and decisive area of planning production. Moreover, workers were to be represented by "employees' committees" or "company unions," which in the past "had rendered some service in producing better relationships between employees and management," but had "never had any real control over the fundamentals of wages and over management policies."⁶⁵

In Van Kleeck's view, such a conception of labor representation constituted a major flaw in any planning scheme because it failed to recognize that in the area of industrial relations "where the interests of the management and of labor are not identical, where there is a question as to what is going into surplus for profits and what is going into the wage envelope...the trade unions [remained] as the only group which, as a group, can represent labor."⁶⁶ Thus, the importance of the trade unions. Swope's plan, however, excluded the trade union in favor of an employees'

representation scheme that did not give workers any degree of real participation in the process of production.

If we could conceive of the Swope plan being given universal application in the United States, if employees' representatives elected by their fellow employees and paid by the trade associations, composed of the companies which employ these men, are to be the representation of labor's side in this question, the trade unions in this country will have no place in any such scheme. It seems to me that, if this general thesis is adopted, that purchasing power is the important question in the plans for production today, then it is surely obvious that there is a tremendously important function for the labor unions to fulfill in national economic planning. Their point of view must be represented. They must have a chance to function in relation to management.⁶⁷

In short, Swope's planning scheme failed to recognize (as did all corporatist schemes) the importance of collective bargaining and labor unions in the development of a political economy of mass consumption. Such was not the case of Van Kleeck and other exponents of the Keynesian strategy who testified at the LaFollete hearings--including Sidney Hillman--who advocated a strong role for the labor movement in the policy-making process and who understood the role of collective bargaining and unions in maintaining wages high and increasing the workers' purchasing power.⁶⁸

The second major weakness of Swope's plan, according to Van Kleeck, lay in the vagueness of the powers it assigned to the Federal government in relation to the supervision of industry. According to Van Kleeck:

On the side of investigation and statistics, which is the subject of primary interest in this testimony, the federal government seems to be limited to approving the form of reports to stockholders. That is a gain, of course, but the experience of the Federal Trade Commission, enjoined in its investigation of the causes of high prices for commodities at the instance of a trade association in the coal industry, is sufficient to show the necessity of freeing the Federal agency for thorough investigations in the public interest. That means more than annual reports to stockholders. Equally vague is the plan's provision for definite regulation by the Federal government.

Here again, Van Kleeck raised a fundamental point of difference between the corporatist strategy and the Keynesian strategy: the role of the state in the economy. The difference between both strategies was that, while corporatists advocated a planning scheme based on the self-regulation of industry and with minimal government intervention therefore clinging to a conception of an "associative state"; Keynesians favored an interventionist state with strong regulatory functions with respect to capitalist enterprises and the macroeconomy in general. Thus, the call by Keynesians during the LaFollette hearings for the establishment of a National Economic Council conceived as a state planning agency, and not as a private business council as proposed by Harriman and other corporatists. As Frances Perkins put it: "when someone speaks of economic planning nowadays one is supposed to be referring to economic planning by the government."⁶⁹

Underlying the Keynesian conception of the role of the state was the assumption that left to its own devices

business was incapable of stabilizing the economy. This was so, they argued, for two reasons. First, the capitalists self-interest and fixation with short-term gains undermined any serious effort of cooperation in search of long-term solutions for the problems of the economy. As Henry P. Kendall, a leading textile manufacturer and past president of the Taylor Society stated, when asked during the LaFollete hearings if he thought that industries acting independently or as members of trade associations could succeed in stabilizing industry as a whole:

I do not think so, for the reason that they can not get 100 per cent support. There are always some selfish, greedy manufacturer who says, 'Yes; that is fine for industry, and I hope they will do it, but I am going to continue to run long hours and increase production for all its worth and make money out of it; but I hope the others will curtail.' The trade associations have never been able to control that situation...⁷⁰

The inference from Kendall's testimony is quite clear: given the unwillingness of industry to cooperate and plan constructively on a voluntary basis it must be compelled to do, as Person indicated, "by the power of the state."⁷¹

Second, the economic crisis was a situation beyond the control of any single industry or any group of industries acting autonomously. As Sidney Hillman noted, the depression was "not a problem of any one industry. The real problem confronting us affects all industries, and it

is not within the power of any industry to right itself."⁷² Thus, even if industry found the will to act collectively, it could not stabilize the economy because the problem was out of their control. This was due in part to the complexities of modern American capitalism which, in Frances Perkin's view, were "so intricate that no one industry can conceivably make its economic plan alone and have it sound."⁷³ It was also due to the fact that the solution to the problems of the depression was linked to areas--such as fiscal, monetary and other policies--which were under the control of government not industry. For this reason, argued Ralph Flanders, it was dangerous to assume that business alone could restore prosperity:

I believe it is really dangerous for industry to take the position, even tacitly, that if you give it the power it can control the severities of the business situation. I do not think that is possible...because the primary elements of the thing seem to me to be in the control of the Government and in the field of Government rather than in the field of industry...I think [Swope] is wrong to put himself in the position of saying that 'If we are granted certain powers we will be able to produce certain results,' because industry alone can not produce results.⁷⁴

Moreover, as Hillman stated, the onset of the depression was in itself evidence that business had failed to provide the leadership necessary to stabilize the economy. Thus, the need for the government to step in and assume the responsibility for leadership. The state, in Hillman's view, was the only institution with the power to

enforce a recovery program (based on increasing purchasing power to match productive capacity) that could lead the country out of the depression. In Hillman's words:

It is impossible for industries to do it alone. They won't do it; they have not done it, and they will not do it. The only power that can put it into effect is government action. There have been promises as to what industry will do. We know that nothing constructive from the larger point of view was done when they were in a position to do it.⁷⁵

Put simply, Keynesians placed their faith in state intervention and not in the self-regulation of industry.

The Rise and Fall of Social Keynesianism

The LaFollette hearings on national planning established clearly that by 1931 two distinct approaches to the American political economy had crystallized: a corporatist strategy based on the self-regulation of industry and the restriction of production, and a Keynesian strategy based on the expansion of mass consumption via the intervention of the state. As Mary Van Kleeck put it in her testimony before the hearings:

In the light of the reports presented in this Congress, the big problem faced by the United States is whether American industry alone or through the Government can adopt social economic planning, or whether it is limited to business planning which would control production...⁷⁶

The crystallization of these two approaches had profound significance because they pointed toward radically different political-economic programs. Assessing the

strategic implications of the adoption of either one of these approaches in 1932, Harlow S. Person argued, "the choice of one or the other of these divergent policies is perhaps more momentous than any choice which the United States has yet been compelled to make."⁷⁷ The implications of adopting one policy or the other were perhaps not as momentous as Person contended, but they were certainly important--as the history of the New Deal would demonstrate.

The adoption of the corporatist strategy in early 1933 led to the enactment of the National Industrial Recovery Act (NIRA), which established the National Recovery Act (NRA). Although it lasted only two years and "vanished with hardly an institutional trace," the NRA was the centerpiece of New Deal policy from 1933 to 1934.⁷⁸ The process by which the NRA came into existence is a complicated topic beyond the scope of this study. Suffice is to say, that in the struggle with Keynesians to influence New Deal policy, corporatism won the initial battle. And this victory--although not complete because the Act was the product of a series of contradictory compromises--was reflected in the establishment of the NRA.⁷⁹

The NRA was basically a revamped version of Swope's associational plan-in which the state would sanction the cartelization of capitalist enterprises in order to reduce

destructive competition, limit production and fix prices.⁸⁰ From the beginning, however the NRA was in trouble. First, it was torn by the political infighting of different policy-oriented groups. This was best exemplified by the battle against rigid price controls led by Leon Henderson, a Keynesian economist who was in charge of the Research and Planning Division of the NRA, and Leverett Lyon, of the Brookings Institution.⁸¹ Second, it managed to antagonize many but please few. As Otis Graham puts it:

Large business in general appreciated the chance to end 'cut-throat competition' by fixing prices or production targets, but hated dealing with a federal bureaucracy which was not only sometimes slow and obtuse but occasionally suggested unwelcomed gains for labor and consumer. Small businessmen found themselves outmaneuvered for shares of the market in the NRA code making-process. Labor expected higher wages, but found prices rising faster...⁸²

As for the Keynesians and other liberal-minded New Dealers, they considered the NRA "an ill-conceived experiment" from the beginning.⁸³ The dissatisfaction of Keynesians with the NRA and the economic policies underlying it was expressed by Mary Van Kleeck in a letter to Morris Cooke in which she explained her unwillingness to accept a position on the Consumer's Advisory Committee of the NRA:

I find myself forced to stand outside and criticize. I have to work out in my mind the right direction for my present activities--whether to attempt to co-operate when I am out of accord with the main economic thought apparently underlying much of the

program in Washington and still more out of line with what the big business interests are doing to the good intentions of the administrators (or rather to the Chief in the Whitehouse and his disinterested advisers).⁸⁴

Thirdly, the NRA was paralyzed not only by an inefficient bureaucratic machinery, but also by its contradictory objectives. As Ellis Hawley argues, the recovery act was "a contradiction in terms." On the one hand, its proponents wanted to enter into agreements that would violate the Sherman Act, but on the other they admitted that these agreements would constitute monopolistic practices. The solution to this dilemma, Hawley indicates, was to incorporate into the recovery act two contradictory clauses, "a clause exempting the proposed codes from the antitrust laws and another providing that no code should be so applied as 'to permit monopolies or monopolistic practices, or eliminate, oppress, or discriminate against small enterprises.'"⁸⁵ Caught between these contradictory goals the NRA could not steer a clear course. In short, as Otis Graham points out, "the design of the NRA was both muddled and faulty."⁸⁶

Thus, it should come as no surprise that by May 1935--when it was declared unconstitutional and terminated by the Supreme Court--the NRA failed to accomplish anything significant as a program of economic recovery. Except, that is, for Section 7 (a) which provided "the right to collective bargaining to workers under the NRA

codes," and "reinvigorated the torpid labor movement."⁸⁷ Conceived as a concession to labor leaders, Section 7 (a) was openly defied by capitalists large and small who counterattacked the measure by fostering company unions. This challenge led Sidney Hillman to call in 1934 for the establishment of a mechanism to enforce the right to collective bargaining.⁸⁸ By opposing collective bargaining under Section 7 (a) of the NIRA, capitalists sabotaged the only aspect of the recovery act that had any real possibility of stimulating economic recovery by increasing the purchasing power of the workers. As for the labor movement, it would have to wait until the passage of the Wagner Act for the establishment of the government protection called for by Hillman.

The demise of the NRA opened the way for the rise of Keynesianism as the guiding approach to the New Deal policies.

This took place in mid-1935 with the launching of the so-called "Second New Deal." The notion of two New Deals was first formulated by Basil Rauch in The History of the New Deal: 1933-1938. Underlying this notion was the assumption that a fundamental shift in the policies of the Roosevelt administration occurred in 1935. According to Rauch, this change in policy divided the New Deal into two distinct periods, and its importance justified the concepts First

New Deal and Second New Deal. Rauch summarized the differences between these two periods in the following way:

The primary aim of the First New Deal was recovery, while that of the Second was reform. Higher prices for industry and agriculture were the immediate objective during the first period; increased purchasing power and social security for the population as whole were the immediate objectives during the second period. The policies of the first period were expressions of the philosophy of economic nationalism and scarcity, while those of the second illustrate the philosophy of international economic cooperation and economic abundance. The First New Deal was chiefly beneficial to big business and large farmers. The Second New Deal was chiefly beneficial to labor and small farmers.⁸⁹

In sum, the First New Deal was conservative because its policies were favorable to business, while the Second New Deal was liberal, because it was favorable to labor.⁹⁰

Although I draw upon Rauch's periodization of the New Deal, my conceptualization of that process differs from his. The distinction between the two New Deal periods, as argued here, is that the first was corporatist, while the second was Keynesian. As used here, thus, the Second New Deal denotes the radical shift to Keynesian policies that occurred between 1935 and 1938. Specifically, this shift was defined by two interrelated elements. First, the passage of "a cluster of epochal reform measures"--including the Wagner Act, the Social Security Act, the Banking Act of 1935, the Public Utilities Holding Company Act and the wealth tax act--which were designed above all to enhance the regulatory functions of the state and to

stimulate mass consumption.⁹¹ That the architects of the Second New Deal visualized these reforms as key components of a recovery program based on the expansion of mass consumption is evidenced by Frances Perkin's comment in 1933: "As a Nation, we are recognizing that programs long thought of as merely labor welfare, such as shorter hours, higher wages, and a voice in the terms and conditions of work, are really essentially economic factors for recovery, and for the technique of industrial management in a mass production age."⁹²

The other element was the rise of the members of the Keynesian elite to key positions as administrators of the New Deal welfare state. As Steve Fraser points out, "[by] mid-1937 the state agencies responsible for human capital and infrastructural development, for planning and for regulating the flow of public and private credit, were run by this newly empowered Keynesian elite." The agencies controlled by the Keynesians, according to Fraser, were the Department of Labor under Frances Perkins; the Interior Department under Harold Ickes; the National Labor Relations Board and the Works Projects Administration under Harry Hopkins; the National Resources Planning Board controlled by Beardsly Ruml and Frederick Delano; the Rural Electrification Agency under Morris Cooke and John Carmody; and the Federal Reserve under Marriner Eccles.⁹³

From these positions the Keynesian elite would attempt to shape the future of the American political economy.

In synthesis, the Second New Deal represented the triumph of the "social Keynesian" program advocated by Cooke, Person, Van Kleeck, and others since the early 1930s.⁹⁴ This program, unlike the more conservative variant of Keynesianism which emerged in the late 1930s, stressed not just the use of the state to promote mass consumption through fiscal and monetary policies, but also the use of the state to regulate capitalist enterprises through "social economic planning."⁹⁵ The triumph of "social Keynesianism", however, would be short-lived. By 1945, as Alan Brinkley points out, "the idea of an administrative state, which seemed so strong in the late 1930s was in decline; and the faith in fiscal policy so tentatively embraced in 1938, had moved to the center of liberal hopes."⁹⁶ Ironically, then, the moment of triumph of social Keynesianism also marked the beginning of its defeat.

Put differently, during the 1940s and the post-World War II period the regulatory-oriented social Keynesian approach was displaced by the more conservative "commercial Keynesianism".⁹⁷ In the process, the more radical aspects of the program espoused by the Taylor Society and others-- aspects such as the notion of social economic planning, for example, were eclipsed, while fiscal and monetary policy became the fundamental tools of an approach based on the

idea of indirect management of the economy. A key factor that contributed to this transformation was the rise during the late thirties and throughout the forties of a conservative reaction to the New Deal. Propelled by the 1937 recession and by Roosevelt's attempt to reform the Supreme Court and to reorganize the executive branch, these conservative forces (which included not only Republicans, but also Southern Democrats) would challenge the legitimacy of the New Deal.⁹⁸

In November 1937, Harlow Person expressed his concern about this effort in a letter to Morris Cooke. "Big business," stated Person, "has been bringing propaganda of the first magnitude to bear on Congress to repeal progressive laws and force reversal of progressive administrative policies and acts, by falsely leading people to believe that they are the causes of the recession." These forces, Person argued, wanted to restore "the grand old days of the middle twenties." Person's response to these claims was that "[a] secure prosperity is not to be gained by returning to the highly dangerous set-up which preceded New Deal legislation, but by adjusting our attitudes to acceptance of the fact that the ownership group has still to pay its price for relief from depression, and that additional progressive, regulatory legislation is essential." The task of the moment, Person

said, was "to conserve the progressive results of the New Deal legislation."⁹⁹

As it turned out, the conservative forces could not turn the clock back to the pre-New Deal era. But they did weaken the Roosevelt administration and to undermined its capacity to further develop the New Deal. This was best exemplified by the fact that in 1943 the conservative forces in Congress were able to kill the National Resources Planning Board, which was a strong institutional base of social Keynesianism.¹⁰⁰ Moreover, as Basil Rauch notes, "[i]n 1937, the administration undertook to complete the structure of the Second New Deal with measures to benefit particularly the less well-organized groups of farmers and workers. By the end of 1938, this process had stopped, and the creative period of the New Deal ended."¹⁰¹ With the end of the Second New Deal the hegemony of "social Keynesianism" also came to an end.

World War II sealed the fate of social Keynesianism. The war, according to Robert Collins, provided "striking evidence of the effectiveness of government expenditures on a huge scale." "Spending for war," as Collins points out, "finally ended the worst depression in American history."¹⁰² And in doing so, it strengthened the case for indirect management of the economy. Moreover, as Alan Brinkley argues, the success of this approach during the war provided a mechanism for economic growth in the postwar

period that was not based on state sponsored planning of capitalism. Such an approach, as Brinkley put it:

...provided a way to manage the economy without directly challenging the prerogatives of capitalists. Growth did not necessarily require constant involvement in the affairs of private institutions, which (as the wartime mobilization helped demonstrate) was both complex and politically difficult; it did not require a drastic expansion of the regulatory functions of the state. 'To produce in plenty' required only the indirect manipulation of the economy through the use of fiscal and monetary 'levers'; and to distribute the plenty required the creation of an efficient welfare system...¹⁰³

World War II, in short, set the stage for the dominance of "commercial Keynesianism" during the postwar era. Purged of its more radical aspects and transformed into a depoliticized "technique" or "tool box", Keynesianism was embraced during the post-World War II period by every Democratic and Republican administration until the 1980s.

ENDNOTES

¹Guy Alchon, The Invisible Hand of Planning (Princeton, N. J.: Princeton University Press, 1985), pp. 3-4.

²Harlow S. Person, "On the Contributions of Scientific Management to Industrial Management," Bulletin of the Taylor Society (BTS) 8 (June 1923), pp. 116-119.

³Alchon, The Invisible Hand of Planning, pp. 131-135; 142-145; 154. See Mary Van Kleeck, "Employment or Unemployment? That is the Question," American Labor Legislation Review (March 1930); and "America's Unemployment Puzzle," typescript, (March 17, 1930), both in Mary Van Kleeck Papers, the Sophia Smith Collection, Smith College, Northampton, Ma., box 25, folder 471 [hereafter cited as Van Kleeck Papers].

⁴George Martin, Madam Secretary (Boston: Houghton Mifflin, 1976), pp. 213-216; Alchon, the Invisible Hand of Planning, p. 154. See also Mary Van Kleeck and Ada M. Matthews, "Shall We Count the Unemployed," The Survey (April 1, 1929).

⁵Mary Van Kleeck, as cited by Alchon, The Invisible Hand of Planning, p. 154.

⁶J. Joseph Huthmacher, Senator Robert F. Wagner and the Rise of Urban Liberalism (New York: Atheneum, 1968), p. 61.

⁷Mary Van Kleeck. "Discussion of Harlow S. Person's Paper: 'The Work-Week or the Work-Life?,'" BTS 13 (December 1928), p. 245.

⁸Van Kleeck, "Discussion of Harlow S. Person's Paper," p. 245. It should be noted that Van Kleeck's comments clearly go beyond the corporate-liberal conception of the state. Moreover, her insights on this question directly address one of the central problems of twentieth-century American history: the relationship between the state and the economy. See Barry Karl, The Uneasy State: The United States from 1915 to 1945 (Chicago: Chicago University Press, 1983); Edward Berkowitz and Kim McQuaid, Creating the Welfare State: The Political Economy of the Twentieth Century Reform (New York: Praeger, 1980); Larry G. Gerber,

The Limits of Liberalism (New York: New York University Press, 1983); and Stephen Skowronek, Building a New American State: The Expansion of National Administrative Capacities, 1877-1920 (New York: Cambridge University Press, 1982).

⁹Ordway Tead, "The Regulation of Business," BTS 12 (February 1927), p. 327.

¹⁰Morris Cooke to Felix Frankfurter, October 18, 1928, Morris L. Cooke Papers, Franklin D. Roosevelt Presidential Library, Hyde Park, N. Y., box 8, file 7 [hereafter cited as Cooke Papers].

¹¹Kenneth E. Trombley, The Life and Times of a Happy Liberal: A Biography of Morris Llewellyn Cooke (New York: Harper and Brothers, 1954), p. 96.

¹²Trombley, the Life and Times of a Happy Liberal, p. 109; Jean Christie, Morris Llewellyn Cooke: A Progressive Engineer (New York: Garland Publishing, 1983), p. 100.

¹³Christie, Morris Llewellyn Cooke, p. 119.

¹⁴For Cooke's endorsement of Roosevelt see Morris L. Cooke, "My Vote is for Roosevelt-And Why," The Evening Ledger a copy of this newspaper article is in Cooke Papers, box 127, folder C. Some years later the 1932 election Dennison himself stated that he "was fanatically for the NRA and almost every angle of the New Deal." (Quoted in James T. Dennison, Henry S. Dennison, New England Industrialist Who Served America [Cambridge, 1955], p. 23.)

¹⁵Henry Bruère, in "The Taylor Society Looks Ahead," Discussion at Conference Dinner of Directors and Guests, New York, April 28, 1927, p. 7, Cooke Papers, box 93, folder 1448. It is interesting to note that in early 1930 Henry Bruère was named by Frances Perkins chairman of the New York "Committee on Stabilization of Industry for the Prevention of Unemployment." For details of Bruère's career as reformer in New York see Donald T. Critchlow, The Brookings Institution, 1916-1952 (DeKalb, Ill.: Northern Illinois University Press, 1985), pp. 18-20.

¹⁶Wilfred Lewis, "Master Planks in the American Industrial Program," BTS 12 (December 1927), p. 555.

¹⁷Lewis, "Master Planks in the American Industrial Program," p. 555. For the reaction to this programmatic

statement by figures such as Judson C. Dickerman, Hudson B. Hastings, F. A. Silcox, Mary B. Gilson, and A. J. Muste, see "Discussion of Master Planks in American Industrial Program," BTS 13 (February 1928), pp. 36-49. Although Lewis presented the "Master Planks" paper to both the Third International Management Congress in Rome in September 1927 and to the Taylor Society in December of that year, the paper was apparently drafted by H. B. Brougham, an economist associated with the Pollack Foundation for Economic Research and with the underconsumptionist/proto-Keynesian economists William T. Foster and Wadill Catchings. On June 14, 1927, Morris Cooke asked Brougham to draft a short paper which would summarize "the master planks in the current American Industrial program." The paper, Cooke explained to Brougham, would be presented by "an outstanding American business man" to the Third International Management Congress in Rome. In his letter to Brougham, Cooke stated: "We are just at the point in Europe when such a statement would have a bully effect and as the support of consumer buying power should be one of the major points to be covered perhaps it will have some interest for you. In addition to this we should stress the current American attitude toward high wages and our theory as to the improvement in the technique of workers and their better orientation in the industrial process. We should also include our attitude toward machinery and our struggle to keep both men and machine fully occupied." (Morris Cooke to H. B. Brougham, June 14, 1927, Cooke Papers, box 21, file 209). For Mary Van Kleeck's reaction to the "confidential draft" of the Master Planks see Mary Van Kleeck to Morris Cooke, Cooke Papers, box 16, file 166.

¹⁸Henry H. Williams, "High Wages and Prosperity," Paper presented at a meeting of the Taylor Society, New York, December 9, 1927, in BTS 13 (February 1928), p. 12.

¹⁹Williams, "High Wages and Prosperity," pp. 11-12.

²⁰Williams, "High Wages and Prosperity," p. 11.

²¹Morris Cooke, "Some Observations on Workers' Organization: Presidential Address Before the Fifteenth Annual Meeting of the Taylor Society," paper presented before a meeting of the Taylor Society, New York, December 6, 1928, in BTS 14 (February 1929), p. 2. During the 1930s Morris Cooke would play a conspicuous role in the field of labor relations. In particular, Cooke played a significant role as advisor to CIO leaders such as Sidney Hillman, Clinton Golden and Philip Murray. As part of these efforts Cooke co-authored a book on organized labor and industrial democracy with Murray. See Morris Cooke and

Philip Murray, Organized Labor and Production: Next Steps in Industrial Democracy (New York: Harper and Brothers, 1940). In 1940, moreover, Cooke organized an advisory group called "Collective Bargaining Associates" which was composed by figures such as Harlow S. Person, George Soule, Robert Bruère, Otto S. Beyer, William M. Leiserson and Sumner Slichter. For the collaboration between Cooke and CIO labor leaders see correspondence in Cooke Papers, box 148, "Steel Workers Organizing Committee" file; Cooke Papers, box 143, "Labor Leaders" file; and Cooke Papers, box 142, "Clinton Golden" file. For the efforts of the Collective Bargaining Associates see Cooke Papers, box 140, "Collective Bargaining Associates" file.

²²Cooke, "Some Observations on Workers' Organization," BTS 14 (February 1929), pp. 9, 6.

²³Cooke, "Some Observation on Workers' Organization," BTS 14 (February 1929), p. 5.

²⁴"Industrial Employment Code: Tentative Draft Presented for Discussion Only by the Industrial Code Committee of the Taylor Society," presented by the drafting committee for discussion at round table meeting of the Taylor Society, May 1, 1930, Philadelphia, in BTS 16 (October 1931), p. 185. The Industrial Code Committee of the Taylor Society included among others: Morris Cooke, Henry Bruère, John M. Carmody, Mary Van Kleeck, Robert B. Wolf and Morris E. Leeds.

²⁵"Industrial Employment Code," p. 185.

²⁶H. B. Brougham, "Must Prosperity Be Planned?: Can Effective Demand Be Adapted, Controlled, and Graduated in Step with the Constant Increases in Productive Capacity," Paper presented at a meeting of the Taylor Society, New York, December 9, 1927, in BTS 13 (February 1928), pp. 2-8. Brougham's paper and Henry H. Williams' paper on high wages were presented at the same meeting of the Taylor Society. For the discussion of both papers by the participants of the meeting--which included William Green, Leonard Kuvin, Otto T. Mallery, Royal Meeker, Carl W. Scholz, and Rexford G. Tugwell--see "Discussion of Mr. Brougham's and Mr. Williams' Papers," BTS 13 (February 1928), pp. 13-22. As executive secretary of the Pollack Foundation, Brougham was closely associated with the proto-Keynesian policies put forth by W. T. Foster and W. Catchings. For a discussion of these policies see Bradford A. Lee, "The Miscarriage of Necessity and Invention: Proto-Keynesianism and Democratic States in the 1930s," in Peter A. Hall, ed., The Political

Power of Economic Ideas: Keynesianism Across Nations
(Princeton, N. J.: Princeton University Press, 1989).

²⁷Waste in Industry, p. 5.

²⁸Brougham, "Must Prosperity Be Planned?," p. 2.

²⁹Wallace Clark, Proceedings of the Academy of Political Science in New York, New York, July 1927, p. 130.

³⁰Clark, Proceedings of the Academy of Political Science in New York, p. 130.

³¹Brougham, "Must Prosperity Be Planned?," p. 2.

³²Brougham, "Must Prosperity Be Planned?," p. 7-8.

³³Brougham, "Must Prosperity Be Planned?," p. 8.

³⁴Metcalf, "Secretary Hoover and the Emergence of Macroeconomic Management," p. 79.

³⁵Taylor Society, "The Next Twelve Months," Conference of June 17, 1932, sponsored by the Taylor Society, Cooke papers, box 228, "Planning Programs" file.

³⁶Harlow S. Person to Sanford E. Thompson, November 15, 1932, John M. Carmody Papers, Franklin D. Roosevelt Presidential Library, Hyde Park, N. Y., box 44, "Economic Conference-Person Group" folder [hereafter cited as Carmody Papers]). A copy of the committee's program--A Plan of Action--is found in Carmody Papers, box 44, "Economic Conference-Person Group" folder. The list of participants invited to these economic conferences sponsored by the Taylor Society included figures such as: Elizabeth Baker, John M. Carmody, Stuart Chase, Evans Clark, John Maurice Clark, Morris Cooke, Paul T. Cherington, David Cushman Coyle, Francis Goodell, John P. Hogan, Ernest M. Patterson, Frances Perkins, Harlow S. Person, Sanford E. Thompson, Virgil Jordan, W. E. Hotchkiss, Mary Van Kleeck, Rexford G. Tugwell, George Soule, Ralph E. Flanders, William T. Foster, Henry Bruère, Lewis Lorwin, Leo Wolman and William G. Schluter. The materials pertaining these conferences are found in Cooke Papers, box 228, "Planning Programs" file; Cooke Papers, box 64-A, folder (January-June 1932); Cooke Papers, box 64-A, folder (July-December 1932); Carmody Papers, box 46, "Taylor Society" folder; Carmody Papers, box 44, "Economic Conference-Person Group" folder.

³⁷Sanford E. Thompson and Harlow S. Person, "Program For Discussion," Economic Conference, July 7, 1932, p. 1, Cooke Papers, box 64-A, folder (July-December 1932).

³⁸Thompson and Person, "Program For Discussion," p. 1.

³⁹William G. Schluter, "US Government Financial Reconstruction Program and An Inclusive Program of Relief," October 1932, p. 8, Cooke Papers, box 228, "Planning Programs folder.

⁴⁰Harlow S. Person to Sanford E. Thompson et al., July 15, 1932, and Sanford E. Thompson to Harlow S. Person, July 18, 1932 both in Carmody Papers, box 44, "Economic Conference-Person Group" folder.

⁴¹Person to Thompson et al., July 15, 1932, Carmody Papers, box 44, "Economic Conference-Person" folder.

⁴²Steve Fraser, "From 'New Unionism to the New Deal,'" Labor History 25 (Summer 1984), pp. 405-430; Fraser "The Labor Question," in Steve Fraser and Gary Gerstle, eds., The Rise and Fall of the New Deal Order (Princeton, N. J.: Princeton University Press, 1989), pp. 55-84; Peter Friedlander, "The Origins of the Welfare State: The Keynesian Elite and the Second New Deal, 1910-1936," (unpub. Ms, 1987).

⁴³Fraser, "From the 'New Unionism' to the New Deal," p. 407-408; Fraser, "The Labor Question," p. 60-61.

⁴⁴Henry I. Harriman, "The Stabilization of Business and Employment," American Economic Review vol. 22, no. 1, (!932), p. 64.

⁴⁵Leonard Kuvin, "Discussion of Wesley C. Mitchells' Paper: 'Industrial Equilibrium in a Business Economy,'" BTS 15 (February 1930), p. 13. For a sample of the discussion of the problem of "overproduction" carried out through the pages of the Bulletin of the Taylor Society see Robert F. Martin, "Industrial Overcapacity," BTS 17 (June 1932), pp. 94-95; Maurice Leven, "America's Capacity to Produce and to Consume," BTS 1 (March 1935), pp. 118-121.

⁴⁶Kuvin, "Discussion," p. 14.

⁴⁷Ralph E. Flander's, Hearings on the Establishment of a National Economic Council, p. 238.

⁴⁸Flander's, Hearings on the Establishment of a National Economic Council, p. 238.

⁴⁹Flanders, p. 240.

⁵⁰Flanders, p. 239.

⁵¹George Soule, Hearings on the Establishment of a National Economic Council, p. 454. For an elaboration on the discussion of the social and economic implications of the high wage doctrine see George Soule, "Discussion of Paper by Robert W. Burgess on the Report on Recent Economic Changes of the President's Conference on Unemployment," BTS 14 (December 1929), pp. 248-251. See also C. B. Hammond, "Discussion of Paper by Robert W. Burgess," BTS 14 (December 1929), pp. 247-248.

⁵²Soule, Hearings on the Establishment of a National Economic Council, p. 456.

⁵³Soule, Hearings on the Establishment of a National Economic Council, p. 457-458.

⁵⁴Taylor Society, "Action Toward Business Recovery," April 14, 1932, p. 1, Cooke Papers, box 228, "Planning Programs" folder.

⁵⁵Taylor Society, "Action Toward Business Recovery," p. 1. Throughout the 1930s the Taylor Society published in its journal a number of articles focusing on the issue of underconsumption. See, for example, Maurice Ansiaux, "Underconsumption: As a Factor in the Business Factor," BTS 17 (October 1932), pp. 185-193; Emmett H. Welch, "Purchasing Power and Wage Policy," BTS 17 (October 1932), pp. 170-179; "The American Consumer Market," BTS 17 (October 1932), pp. 165-168; George G. Berger, "Who is Responsible for Buying Power," BTS 18 (June 1933), pp. 69-73. For a useful overview of underconsumptionist perspectives see Joseph Dorfman, The Economic Mind in American Civilization (New York, 1959), vol. 5; Theodore Rosenof, Patterns of Political Economy (New York: Garland, 1983); and M. F. Bleaney, Underconsumption Theories: A Critical Analysis (London: Lawrence and Wishart, 1976).

⁵⁶George Soule, A Planned Society (New York: Macmillan, 1932), p. 231; Robert M. Collins, Business Response to Keynes, 1929-1964 (New York: Columbia University Press, 1981), p. 27.

⁵⁷Gerald Swope Testimony, Hearings on the Establishment of a National Economic Council, p. 313.

⁵⁸Harriman, "The Stabilization of Business and Employment," p. 67.

⁵⁹Harriman, "The Stabilization of Business and Employment," p. 67; Harriman Testimony, Hearings on the Establishment of a National Economic Council, p. 167.

⁶⁰Fraser, "From The 'New Unionism' To The New Deal," p. 418-419; Peter Friedlander, "The Origins of the Welfare State," p. 23.

⁶¹Harlow S. Person, Hearings on the Establishment of a National Economic Council, pp. 221-236. Although Person endorsed LaFollette's bill on national planning, he was critical of the fact that bill gave the National Economic Council advisory powers only. In a letter to Senator LaFollette written a week after his testimony before the Senate hearings, Person expressed his criticism of that aspect of the bill. Firstly, he stated: "[I]f the National Economic Council is given advisory powers only, there will not be present anywhere, in the collective governance of industry, a power corresponding to the president or general manager of a private enterprise, and therefore the staff will be impotent. There must be power supporting staff suggestions somewhere because of the recalcitrancy of line executives...In your plan for a national staff this necessary power must be created and lodged somewhere. It should be lodged in the staff itself. It can be created without elaborate and conspicuous definition of powers--through some device which 'puts teeth' into the bill. My suggestion is to give the staff authority to pass on new issues of stocks and bonds--the application of capital to enterprise. Secondly, Person added, it was essential, "if a corresponding balance is to be secured in collective management of industry, that the National Economic Council be given power to require reports from every industrial enterprise, by technical categories, which will permit it to see collective events in the making. Given such a data, it can make recommendations which can affect industrial conduct..." (Person to LaFollette, November 9, 1931, Cooke Papers, box 64-A, June-December 1931 folder.)

⁶²Hearings on the Establishment of a National Economic Council, pp. 233-234. The exchange between LaFollette and Person was typical of the way the hearings were conducted. For similar lines of question and answers see the testimonies of George Soule, pp. 454-465; Ralph E.

Flanders, pp. 236-256; John Maurice Clark, pp. 210-220; Frances Perkins, pp. 129-150; John H. Fahey, pp. 478-491; Mary Van Kleeck, 491-507; Lewis L. Lorwin, pp. 319-341; Henry P. Kendall, pp. 400-415; and Sidney Hillman, pp. 434-443. For the testimonies in defence of the corporatist planning scheme see Henry I. Harriman, pp. 161-181; and Gerard Swope, pp. 300-317. It is important to note that the Taylor Society-- through Harlow S. Person-- was behind a bill on national planning similar to LaFollette's which was introduced in the House (H.R. 9315) in February 1932 by Representative Seymour Person (Harlow Person's cousin). The House bill was drafted by Harlow Person (at his cousin's request) with the assistance of legal staff provided by Felix Frankfurter. See letter from Morris Cooke to Felix Frankfurter asking for the name of a lawyer in New York who can "whip into proper legal form" a bill on national planning, which has been requested to the Taylor Society by "a substantial member of the House of Representatives." (Cooke to Frankfurter, December 17, 1931, Cooke Papers, box 8, file 71). On the same subject Cooke wrote to Harlow Person: "Further in reply to your project for a bill on national planning, through Felix Frankfurter I am getting your legal staff worked up. It has occurred to me that the drafting of this bill perhaps in optional form can be made one of the big Taylor Society tasks of the year. What would you think of asking leading members in six major cities, say Kendall in Boston, Lansburgh in Detroit, Carmody in Chicago, Cooke in Philadelphia and perhaps others--to give dinners of say a dozen where this project would be discussed and where definite recommendations should be made as to the contents of the bill..." (Cooke to Person, December 22, 1931, Cooke Papers, box 64-A, June-December 1931 folder.) For Person's response see Person to Cooke, December 24, 1931, Cooke Papers, box 64-A, June-December 1931 folder. For an assessment of the similarities and differences between the bill drafted by Harlow Person and LaFollette's bill creating a National Economic Council see Person to Cooke, February 19, 1932, Cooke Papers, box 64-A, January-June 1932 folder.

⁶³Lewis Lorwin Testimony, Establishment of a National Economic Council, p. 341.

⁶⁴For further evidence as to the objective of the Taylor Society members at these hearings see the correspondence exchanged between Mary Van Kleeck and Harlow S. Person after both had given their respective testimonies before the Senate Subcommittee. Van Kleeck to Person, December 4, 1931; and Person to Van Kleeck, December 7, 1931, both in Van Kleeck Papers, box 17, folder 344.

⁶⁵Mary Van Kleeck Testimony, Hearings on the Establishment of a National Economic Council, p. 503.

⁶⁶Van Kleeck Testimony, Hearings on the Establishment of a National Economic Council, p. 504.

⁶⁷Van Kleeck Testimony, Hearings on the Establishment of a National Economic Council, p. 504.

⁶⁸For Hillman's critique of Swope's plan see Sidney Hillman Testimony, Hearings on the Establishment of a National Economic Council, pp. 434-443. For a discussion of the differences between the labor policies advocated by Hillman of the ones defended by Swope see Steve Fraser, "From 'New Unionism' to the New Deal."

⁶⁹Frances Perkins Testimony, Establishment of a National Economic Council, p. 148. For the Keynesian perspective on the composition and functions of the National Economic Council during the LaFollete hearings see, for example, the testimonies of George Soule, pp. 458-463; Harlow S. Person, pp. 232-235; and John M. Clark, pp. 213-215.

⁷⁰Henry P. Kendall Testimony, Establishment of a National Economic Council, p. 408-409.

⁷¹Person Testimony, Establishment of a National Economic Council, p. 233.

⁷²Hillman Testimony, Establishment of a National Economic Council, p. 435.

⁷³Perkins Testimony, Establishment of a National Economic Council, p. 149.

⁷⁴Flanders Testimony, Establishment of a National Economic Council, p. 249.

⁷⁵Hillman Testimony, Establishment of a National Economic Council, p. 438.

⁷⁶Van Kleeck Testimony, Establishment of a National Economic Council, p. 503.

⁷⁷Harlow S. Person, "Postscript to Paper: 'Scientific Management and Economic Planning'," BTS 17 (December 1932), p. 228.

⁷⁸Otis L. Graham Jr., Toward A Planned Society (New York: Oxford University Press, 1976), p. 30.

⁷⁹For comprehensive view of the NRA see Ellis W. Hawley, The New Deal and the Problem of Monopoly (Princeton, N. J.: Princeton University Press, 1966); Robert F. Himmelberg, The Origins of the National Recovery Administration (New York: Fordham University, 1976); Leverett Lyon, Paul T. Homan, and George Terborg, The National Recovery Administration: An Analysis and Appraisal (Washington, D. C.: The Brookings Institution, 1935); and Charles Ross, NRA Economic Planning (Bloomington, Ind.: Principia, 1937); Bernard Bellush, The Failure of the NRA (New York: W. W. Norton, 1975). For a discussion of the NRA in the context of how contradictory struggles not just between capital and labor, but also between different fractions of capital can shape state policies see Rhonda Levine, Class Struggle and the New Deal (Lawrence, Kan.: University Press of Kansas, 1988).

⁸⁰Alan Brinkley, "The Idea of the State," p. 88; Fraser, "From the 'New Unionism' to the New Deal," p. 419-420.

⁸¹Donald T. Critchlow, The Brookings Institution, 1916-1952: Expertise and The Public Interest in A Democratic Society (DeKalb, Ill.: Northern Illinois University Press, 1985), p. 121. See also Hawley, The New Deal and the Problem of Monopoly, p. 28, 77; and Bernard Bellush, The Failure of the NRA, p. 66.

⁸²Graham, Toward A Planned Society, p. 29.

⁸³Brinkley, "The Idea of the State," p. 88. For a insightful discussion of the Keynesian and underconsumptionist critique of the NRA see Rosenof, Patterns of Political Economy, pp. 47-112. For a sample of the discussion on the NRA carried-out through the pages of the Taylor Society's journal see Lewis Lorwin, "Industrial Planning and 'Fair Competition,'" BTS 1 (May 1935), pp. 134-139; Ordway Tead, "The Administrative Logic of Industrial Self-Government," BTS 1 (July 1935), pp. 170-175; Paul T. Homan, "Restriction of Production and Initiative Under the NRA," BTS 1 (January 1935), pp. 65-69; and Ordway Tead, "A Tentative Forecast of the NRA," BTS 18 (August 1933).

⁸⁴Mary Van Kleeck to Morris Cooke, August 13, 1933, Cooke Papers, box 72, file 166.

⁸⁵Hawley, The New Deal and the Problem of Monopoly, p. 50.

⁸⁶Graham, Toward A Planned Society, p. 29.

⁸⁷Robert M. Collins, The Business Response to Keynes, 1929-1964 (New York: Columbia University Press, 1981), p. 27.

⁸⁸Sidney Hillman, "The NRA, Labor and Recovery," in Annals of the American Academy of Political and Social Science 172 (March 1934), p. 70-75.

⁸⁹Basil Rauch, The History of the New Deal: 1933-1938 (New York: Capricorn Books, 1963), p. xiii.

⁹⁰Rauch, The History of the New Deal, p. xiv.

⁹¹Friedlander, "The Origins of the Welfare State," p. 1-2; Fraser, "The Labor Question," p. 68.

⁹²Frances Perkins, as cited by Fraser in, "The Labor Question," p. 68.

⁹³Fraser, "The Labor Question," p. 71. For evidence of how the members of this Keynesian elite dominated the New Deal welfare state see Friedlander, "The Origins of the Welfare State," pp. 9-11.

⁹⁴For the concept "social Keynesianism" see Margaret Weir and Theda Skocpol, "State Structures and the Possibilities for 'Keynesian' Responses to the Great Depression in Sweden, Britain, and the United States," in Peter B. Evans, Dietrich Rueschemeyer, and Skocpol, eds., Bringing the State Back In (Cambridge: Cambridge University Press, 1985), p. 108, footnote 151.

⁹⁵For a discussion of the differences between the more radical social Keynesian program and the more conservative, fiscal-oriented, variant of Keynesianism see Fraser and Gerstle, eds., The Rise and Fall of the New Deal Order, p. xiii-xiv.

⁹⁶Alan Brinkley, "The New Deal and the Idea of the State," p. 100.

⁹⁷For the concept "commercial Keynesianism" see Robert Lekachman, The Age of Keynes (New York: Random House, 1966), p. 287.

⁹⁸For a discussion of the rise these conservative forces and their impact on the development of the New Deal see James T. Patterson, Congressional Conservatism and the New Deal: The Growth of the Conservative Coalition in Congress, 1933-1939 (Lexington: University of Kentucky Press, 1967).

⁹⁹Person to Cooke, November 20, 1937, Cooke Papers, box 146, "Harlow S.. Person" file.

¹⁰⁰Critchlow, The Brookings Institution, p. 139. For an overview of the National Resources Planning Board see Graham, Toward A Planned Society, pp. 52-58.

¹⁰¹Rauch, The History of the New Deal, p. xiv.

¹⁰²Collins, Business Response to Keynes, p. 12.

¹⁰³Brinkley, "The New Deal and the Idea of the State," p. 109.

CHAPTER VI

CONCLUSION

Analysis

The purpose of this dissertation is to contribute to an understanding of the emergence of a Keynesian political-economic strategy in America during the interwar period. It is concerned primarily with one crucial aspect of this process: the ideological role played by key political, and managerial elites in the emergence of such a strategy. It thus traces the political discourse articulated by the Taylor Society, the institutional home of scientific management, from its inception as an industrial research organization in the pre-World War I period to its development as an important policy-making network during the New Deal. It focuses on key figures in the Taylor Society including Morris Cooke, Harlow S. Person, Henry Dennison, and Mary Van Kleeck, as well as those who were closely associated with the society, such as Rexford G. Tugwell, Louis D. Brandeis, George Soule, Frances Perkins, and Sidney Hillman.

My analysis is based on a non-teleological conception of capitalist development in which social agency plays a central role and in which the history of capitalism is understood as an open-ended process. Thus, although I stress the role played by political and economic elites, I

reject the "conspiracy model" of history in which all outcomes consciously serve the interest of capital. I assume, that the history of capitalism in the United States is the outcome of political, economic, and ideological struggles, involving conflicts not just between workers and capital, but also between different sectors of capitalists and between contending groups of professional and managerial elites.

Accordingly, a basic premise underlying this dissertation is that the Keynesian political-economic order was not the "design" of an "enlightened elite," that sought to deliberately "incorporate" the working class into a new industrial state to save the American economy. Instead, it was the product of working class struggles "from below" and "reforms from above." The major reforms associated with the Keynesian political-economic order (i. e., union recognition, collective bargaining, social security, etc.) were passed and implemented over the opposition of the majority of capitalists. Such programs were achieved by working class struggles which pressured state managers to institute economic and social reforms that not only provided benefits to many workers, but also strengthened the state in relation to the working class, and increased the state's capacity to intervene in the economy. The configuration of a Keynesian political economy was thus determined not by some capitalist "conspiracy" to "co-opt"

workers or by some "deep logic of capitalist accumulation," but by the resolution of specific political struggles between contending social forces in a given historical moment.

This is not to deny the significance of efforts to reform the political economy "from above." Quite the contrary. My analysis is also informed by the recognition that there were contending political-economic strategies within the capitalist class and between different political and managerial elites. I focus specifically, on the differences between two key strategies: corporatism and Keynesianism. The corporatist strategy was advanced by a traditional business and political elite linked to the railroads, public utilities, and producer goods. It favored a system of industrial self-regulation, which would create cartel-like arrangements to restrict production, fix prices and divide the market. The Keynesian strategy was promoted by a bloc of newer, mass consumption-oriented industries and by a professional and managerial elite that was concerned above all with expanding the mass market through the intervention of the state. The Keynesian strategy advocated an interventionist state and economic policies that would enhance social purchasing power and mass consumption. Accordingly, it supported the enactment of the major social and economic reforms of the New Deal such as the the Wagner Act and the Social Security Act.

The Taylor Society was born during the Interstate Commerce Commission (ICC) hearings of 1910, better known as the "Eastern Rate Case." This case--which was presented by Louis D. Brandies with the assistance of Frederick W. Taylor and his followers--propelled the scientific management movement into the national spotlight and popularized the concept of "scientific management". As Milton Nadworny points out, the Eastern Rate Case put the scientific management movement "on the map" and gave it a name. It also provided a site for the formation of the Taylor Society, for it was during the ICC hearings that a "small band of Taylorites" conceived of the idea of creating a society that would perpetuate the work of Frederick Taylor and take advantage of the efficiency craze that had transformed scientific management into a national phenomenon.

The Taylor Society was formally organized in 1911 as a professional-managerial network primarily composed of management consultants, engineers, and businessmen. Its membership was concentrated in Philadelphia, New York, and Massachusetts; and its activities included among other things, educational work and research concerning scientific management, a consultation and information service for managers and engineers, discussions of policy issues facing the business sector, and the publication of a bimonthly journal. By the beginning of World War I the Taylor

Society had become the institutional home of the scientific management movement and was without any doubt the most progressive management forum in the United States.

Before World War I, the Taylor Society focused its attention exclusively on the technical problems of factory production and the reorganization of the labor process. World War I, however, would transform the society's outlook. During the war the majority of the members of the Taylor Society went to work for the U.S. government as management "experts." Their task was to contribute to the effort of planning and developing war production. This experience enabled the members of the Taylor Society to discover the macroeconomy and the state. It also enabled them to broaden their social perspective. In particular, the experience of organizing war production with the collaboration of unions under government-sponsored collective bargaining arrangements, transformed the Taylor Society's previous position in relation to union recognition and collective bargaining. As part of this new perspective, members of the Taylor Society played an instrumental role in terms of labor-management relations within the planning and production agencies they worked in during the war. Of special significance in this respect was the role played by members of the Taylor Society in the drafting of an industrial code (General Order #13) which advocated, among other things, collective bargaining, the

8-hour day, minimum wages, equal pay for women, health and safety provisions for women and children, and union-management cooperation arrangements.

After the war, the Taylor Society shifted its attention to the "problem of industrial relations" by advocating a conception of industrial democracy based on "workers' consent" and union-management cooperation schemes. Among the most prominent of these schemes was the Baltimore and Ohio Railroad (B&O) Plan, known also as the Beyer Plan. This plan, which was designed and supervised by Otto Beyer, a member of the Taylor Society and an Army Captain during World War I, called for the unions to cooperate with management to increase productivity in exchange for management's recognition of collective bargaining. It also linked wages to productivity gains. The Taylor Society's new understanding of the "labor question"--which was embodied in the Beyer Plan-- led to a rapprochement with the American Federation of Labor during the 1920s.

Moreover, in the twenties the Taylor Society and its associates played an important role in the development of Herbert Hoover's campaign to create a macroeconomic management system. This campaign was based on a microeconomic approach to macroeconomic stability. The idea behind this approach was that economic stability was achieved through the action of individual managers at the

level of the firm. Under this conception, the state was limited to providing guidance (along with other private agencies) to these managers so that they could stabilize their firms. This strategy relied strongly on the expertise and authority of management consultants and social scientists. Thus, the key role played by the Taylor Society.

The Taylor Society figured prominently in the study undertaken by the Federated American Engineering Societies (FAES) to investigate the causes of "waste" and low production in industry. The group that developed this study, the "Committee on the Elimination of Waste," was dominated by members of the Taylor Society and its report was representative of scientific management. The Taylor Society also played a significant role in the FAES' second major research project, a study of the twelve-hour day in the steel industry. This study, which was developed at Hoover's initiative and which recommended reducing the work day to eight hours in the steel industry, was dominated by engineers associated with the Taylor Society. Finally, the Taylor Society also made important contributions to the "Unemployment Conference," convened by president Harding in September 1921 at Hoover's suggestion.

In conclusion, through their participation in the study on waste, in the steel industry research project, and in the Unemployment Conference, the Taylor Society played a

leading role in Hoover's campaign to create a macroeconomic management system. For the Taylor Society, this campaign represented an opportunity to expand the application of scientific management to new areas and a recognition of the importance of scientific management as a tool for resolving social problems. Moreover, participation in Hoover's campaign represented a shift in the Taylor Society from its pre-World War I concern with the details of factory production to the broad questions of policy-making. That is to say, it completed the transition of Taylor Society from factory to society.

Despite the close collaboration between the Taylor Society and Hoover, their alliance began to unravel in the late 1920s. An important reason for this was that leading members of the Taylor Society became increasingly critical of Hoover's program and consequently began to develop political relationships with individuals who espoused a different political-economic strategy such as Robert Wagner, Frances Perkins, Robert LaFollete, Jr., and Felix Frankfurter. This realignment reflected the emergence within the Taylor Society of a proto-Keynesian perspective. Such a perspective involved a growth-oriented strategy based on high wages and rising consumption norms. Its aim was not to stabilize production, but to expand it by increasing mass consumption and thus social purchasing power. This perspective not only went beyond Hoover's

strategy for macroeconomic stability, it prefigured some of the key aspects of the post-World War II economic order. Missing from this perspective, however, was a better understanding of the role of the state and the unions in the development of a mass consumption political economy. This understanding emerged during the early years of the Great Depression.

During the 1930s Morris Cooke, Harlow S. Person, and other leading members of the Taylor Society became an important component of the political and business network that put forward a Keynesian strategy based on the expansion of mass consumption via the intervention of the state. This network was critical of the corporatist program, advanced by businessmen like Gerard Swope of General Electric and Henry I. Harriman of the Chamber of Commerce. The corporatist program--which would be embodied in the National Recovery Administration--was based on a strategy in which the state would sanction cartel-like arrangements among capitalist enterprises to reduce destructive competition, restrict production, and fix prices. This system of industrial self-regulation entailed minimal government intervention and a reduced role for unions and collective bargaining. The Keynesian program, on the other hand, advocated an expanded and strong role for the state and unions in the political economy, along

with macroeconomic policies that promoted social purchasing power and expanded mass consumption.

During the Second New Deal (1935-1938) the Keynesian elites entered the corridors of power and many of its members took key administrative positions in the welfare state. The state agencies controlled by this elite included those in charge of human capital and infrastructural development, as well as those responsible for planning and for regulating the flow of public and private credit. From these positions the Keynesian elite would attempt to shape U.S. political economy. Their triumph, however, was short-lived. During the 1940s and after World War II, the program espoused by this elite was displaced by a more conservative form of Keynesianism, "commercial Keynesianism." In the process, the more radical aspects of the program advocated by the Taylor Society and other social Keynesians--such as an interventionist state with strong regulatory power--were eclipsed, and fiscal and monetary policy became the fundamental tools of a program based on the idea of indirect management of the economy.

Implications

What are the implications of the analysis developed in this dissertation? It demonstrates that the Taylor Society was a Keynesian formation and not an exponent of corporate

liberalism as corporatist historians have argued. According to these historians, corporate liberalism--understood here as a liberal ideology and program that envisioned a "middle way" between laissez-faire and "welfare statism"--was the strategy of business and political elites who sought to reform capitalism. For this perspective, the corporate liberal tendency of the interwar period is best exemplified by such figures as Gerard Swope of the General Electric Company, Henry I. Harriman of the Chamber of Commerce and others including businessmen like Henry S. Dennison and Edward A. Filene, engineers such as Morris Cooke, and social scientists like Mary Van Kleeck and Harlow S. Person. In the corporatist view, there are no significant ideological and programmatic differences between these advocates of capitalist reform.

Thus, the corporatist school fails to acknowledge the existence of alternative political-economic strategies (such as the one espoused by the Taylor Society) within the business and political elites who sought to reform capitalism. Rather, it encompasses all reformist currents under the ideology and program of corporate liberalism. The analysis developed in this dissertation takes issue with this interpretation. It shows how during the interwar period the Taylor Society became a forum in which an important group of mass consumption-oriented businessmen, engineers, management consultants, and social scientists,

sought to map the outlines of a new Keynesian political economy. The dissertation argues that the Taylor Society was part of a professional-managerial elite, who by the early thirties came to advocate a Keynesian strategy focused on increasing social purchasing power and expanding mass consumption via the intervention of the state. It illustrates, finally, how this Keynesian elite came to occupy key positions as state managers during the Second New Deal, and how they attempted to shape the American political economy.

This dissertation demonstrates that the political-economic strategy espoused by the Taylor Society (and other social Keynesians) went beyond corporate liberalism in three major areas. First, the role of the state. The Taylor Society and its allies favored an interventionist state with strong regulatory power functions with respect to capitalist enterprises and the macroeconomy in general. In contrast corporate liberals such as Harriman and Swope advocated a strategy based on self-regulated industries under minimal government control and coordinated by trade associations.

Unlike the corporate liberals, the Keynesian elite understood that left to its own devices the capitalist class was incapable (as the Great Depression had demonstrated) of regulating the economy. It also recognized that the problem of regulating the macroeconomy

was beyond the control of any single industry or any group of industries acting autonomously. For the Keynesians, this problem was linked to areas--including fiscal, monetary and regulatory policies--which were under the control of the state not of industry. The state, Keynesians argued, was the only institution with the power and the capacity to regulate the macroeconomy. In sum, the Taylor Society and its Keynesian associates advocated a more radical, regulatory-oriented strategy, while the corporatists clung to Hoover's vision of an "associative state," in which government functions as "coordinator, assistant, and midwife," but not as regulator of the economy.

Second, the role of unions and collective bargaining. The Taylor Society and other Keynesians advocated a strong role for the labor movement in the policy-making process and recognized the importance of unions and collective bargaining in maintaining high wages and increasing workers' purchasing power. That is to say, they visualized unions as a "deep social need," and in accordance with this view they called on management to assist in the development of trade unions. For the Keynesian, elite unions were necessary as a form of balance of power between capital and labor, which ensured workers a "fair bargaining position" with respect to wages and working conditions.

The corporatists, on the other hand, failed to acknowledge the importance of collective bargaining and unions in the development of a mass consumption political economy. Under Swope's Plan, for example, workers were to be represented by employees' committees or company unions, not by independent trade unions. These company unions lacked any real power over wages and management policies. By excluding trade unions in favor of employees' representation schemes that did not give workers any degree of real participation in the process of production, Swope's Plan remained clearly within the boundaries of corporate liberalism. The Keynesian elite--including the Taylor Society--went beyond corporatism and enunciated a social-democratic perspective on unions and collective bargaining.

Third, macroeconomic policies. The macroeconomic policies espoused by the Keynesian network--including the Wagner Act, the Social Security Act, the Banking Act of 1935, the Public Utilities Holding Act, and the wealth tax act--were designed to enhance the regulatory functions of the state and to stimulate mass consumption. For Keynesians, then, the objective of macroeconomic policies was not merely to stabilize production, but rather to increase purchasing power, expand the mass market, and increase the productive capacity of the nation.

Put differently, Keynesians did not share the vision of a static balance between production and consumption

which underlay the corporatist economic program. Nor did they believe, as did the corporatists, that the economic task of the day was to maintain a "mature" economic system. They advocated, instead, a developmental program centered on expanding mass consumption (and thus social purchasing power) via the intervention of the state. Such a macroeconomic program, the Keynesian elite argued, would lead to full employment, economic growth, and prosperity.

In synthesis, my dissertation establishes that there were strategic political and ideological differences between corporate liberals such as Swope and Harriman, and social Keynesians like Cooke, Van Kleeck, Person, and others associated with the Taylor Society. It argues, moreover, that these programmatic perspectives were advanced not just by different political and managerial elites, but also by different capitalist blocs, or fractions. The corporatist program was promoted by a more traditional capitalist bloc rooted in railroads, public utilities, and producer goods. This bloc was burdened by overproduction, older technologies, foreign competition and indebtedness. The Keynesian bloc, on the other hand, was comprised of a network of manufacturing, retailing and financial sectors closely linked to mass consumption of durable and light durable goods and to the expansion of the mass urban market. It included, among others, mass

merchandisers like Filene's and Macy's, and mass consumption-oriented banks such as the Bowery Savings Bank.

The analysis developed in this dissertation, thus, contributes to our understanding of the importance not just of class, but of class fractions in the political conflicts that led to the emergence of a the post-World War II mass consumption political economy. It also shows the importance of the role played by key political and managerial elites in the creation of the post war political economy. The creation of this political economy, however, was not inscribed in the fate of capitalism. Nor was it the unmediated product of the "design" of some "enlightened elite." Rather, it was the outcome of a complex and prolonged process of political struggle between contending social forces.

By focusing on the conflicts between different groups of capitalists and between contending political and managerial elites, I have sought to shed light on one important aspect of the process that led to the creation of the postwar political economy. In doing so, I have taken issue with the interpretation put forward by the corporate liberal school, in the hope of providing an alternative understanding to the historical problems studied here.

My attempt to provide an alternative understanding of modern American political economy is informed by the regulation approach. This approach--which is associated

with the work of a group of French political economists including Michel Aglietta, Alain Lipietz, Robert Boyer, and others--centers on the concepts of "regime of accumulation" and "mode of regulation." It is characterized by a non-teleological conception of the history of capitalism and rejects the view that capitalism is pre-determined by some "deep logic" of capitalist accumulation. Instead, it attempts to provide an approach in which human agency and contingency play a central role. Accordingly, it focuses on political, ideological, and economic struggles as the concrete and contingent determinants of the history of capitalism.

Put differently, for the regulation approach the history of capitalism is not pre-determined. Rather, it is always mediated through historically contingent institutional forms and regulatory networks (such as the wage relation, the state, and others) which are themselves always the outcome of past and present social conflicts.

The regulation approach was useful in the development of my analysis in several ways. First, unlike the corporate liberalism school, the regulation approach is characterized by its emphasis on contingency, conflict, and change. This emphasis contributed to my critique of the corporatist approach and to the development of my argument, which was based on a non-teleological conception of the history of capitalism. Second, it provided a set of

theoretical concepts (i.e., regime of accumulation and mode of regulation) which guided my understanding of the development of twentieth-century American political economy. Third, its attention to stages and phases of capitalist development provided a useful tool for periodizing the history of modern U.S. capitalism.

Yet, the regulation approach has a number of important limitations which became evident in the course of my dissertation and which need to be overcome if it is to become a truly fruitful tool for historical research. Key among these are: (1) the ambiguity of some of its central concepts and the divergent use of these concepts by members of the regulation school; (2) the weakness of its analysis of the state as a key institutional form of capitalist regulation; (3) the emergence within the regulation school of a structural-functionalist tendency which tends to focus on questions of structural coherence (stability) and growth and disregards social conflicts, human agency, and contingency; and (4) the overly general and somewhat abstract nature of most of the studies done by the regulation school.

For the regulation approach to overcome these limitations it needs to become more precise and historically specific. It needs to become historicized. That is to say, the regulation approach can become a useful framework for historians only if it can produce

historically specific case studies that shed light on the concrete history of capitalism in a given country or region. These detailed and specific historical studies (such as the one developed in this dissertation) could provide the regulationists with the analytical precision which their overly general and abstract presentations have lacked.

Limitations

What are the limitations of the analysis developed in this dissertation? First, although I recognize that the Keynesian political economy was the product of a conjunction of working class struggles "from below" and "reforms from above," I do not incorporate a detailed discussion of these struggles from below into my account of the interwar political economy. Specifically, I do not discuss in a detailed way the key role played by the new industrial unions of the CIO in pushing forward the major reforms of the New Deal, including the Wagner Act and the Social Security Act. The fact of the matter, as I have stated before, is that these reforms were passed and implemented over the opposition of the majority of capitalists. They were won by workers struggles from below. If these struggles are not discussed in detail in this dissertation, it is not because I fail to acknowledge

their importance, but because they are beyond the scope of this study.

My purpose was to examine the role played by key political and managerial elites in the emergence of a Keynesian order. In this sense, I was limited to examining one aspect of the creation of the Keynesian political economy, the efforts to reform from above. Its focus was on the conflicts between different groups of capitalists and between contending policymakers, not on the conflicts between workers and capitalists. Left out of the picture are the struggles from below. Yet, if we are to develop a more comprehensive understanding of the creation of the political economy of mass consumption we need to start moving in the direction of studies that deal with the conjunction between struggles from below and reforms from above.

Second, I need to do a better job of contextualizing the ideological development of the Taylor Society. That is, I need to place this development in relation to other intellectual and social developments of the period. For example, how did the rise of international communism and World War I affect the way the Taylorites conceptualized the relationship between capital and state? What are the sources of influences in the ideological development of the Taylor Society? What are the institutional bases fostering the development of these ideas? What is the

relationship of the Taylor Society to the Russell Sage Foundation and other foundations? What is the relation of the Taylor Society to theorists of abundance as Simon Patten? What did Taylorists owe to Progressivism? What was the influence of socialists ideas over the the Taylorites? What was the influence of engineers such as Thorstein Veblen? These are some of the questions that need to be addressed to better understand the intellectual development of the Taylor Society.

Third, I need to further develop the discussion of the Taylor Society's shift to the problem of industrial relations. Specifically, I need to elaborate on the Taylorites' conception of industrial democracy. What did the Taylor Society mean by industrial democracy? What did it mean by workers' consent? Was the Taylor Society syndicalist? Also important, is to discuss in detail the involvement of the Taylor Society in the union-management cooperation schemes developed during the 1920s. What were the objectives of these cooperation plans? What were their results? What was the contribution of the Taylor Society to these plans? The rapprochement between the Taylor Society and the American Federation of Labor (AFL) should also be addressed in detail. What factors led to this rapprochement? What specifically was the relationship between the Taylor Society and the AFL? What role did the Taylor Society play within the labor movement?

Furthermore, it is important to discuss the relationship between the Taylor Society and the CIO during the 1930s. What role did the Taylor Society play in the emergence of the CIO? What role did it play afterwards?

Fourth, the dissertation needs to explore in more detail the ideological positions within the Taylor Society. Did the Taylor Society represent a unified ideological "position," or were there important ideological differences within the Taylor Society? If so, what were these differences? Did they reflect differences between sectors within the society? Put differently, were there ideological differences between businessmen and management-engineers, or between businessmen and social scientists within the Taylor Society? Were businessmen like Henry Dennison and Henry Kendall more conservative in their political outlook than engineers such as Morris Cooke and social scientists such as Mary Van Kleeck and Harlow S. Person? Moreover, did the social-democratic perspective of Cooke, Van Kleeck, and Person represent a general perspective shared by the organization, or did it represent an exceptional case. Finally, it would be interesting to trace figures such as Cooke and Van Kleeck into the 1940s and 1950s to see where they stood in relation to their previously held positions, and what role they played in the political struggles of those decades.

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